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NEWS SUMMARY

GENERAL

Iran general defies sacking

The commander of the Iran military police, Gen. Seif Amir Rahimi, has defied orders for his dismissal issued by the Minister of Defence, Gen. Tariq Riahi.

The order was announced over Iran Radio after talks between Prime Minister Mehdi Bazargan, Gen. Riahi, and the Chief of Staff, Gen. Farbod.

Gen. Rahimi said he refused to accept the order, and claimed to have been told by Iran's unofficial head of state, Ayatollah Khomeini, to stay in office. "I have 7,000 well-trained soldiers at my disposal," he said, indicating he would forcibly resist any attempt to arrest him. Back Page.

Socialist choice in Italy

Italy's President Sandro Pertini asked Socialist leader Bettino Craxi to try to form an administration and break the country's six-month Government crisis.

It is only the second time in over 30 years that a non-Christian Democrat has been called on, and the move comes after the failure of caretaker Premier Giulio Andreotti to form an administration. Back page.

SALT battle

The U.S. Administration began a battle for Senate approval of the new SALT treaty. The campaign for the two-thirds Senate majority required for ratification is expected to last until November. Page 4

El Arish 'arrests'

Dozens of people in El Arish, the Sinai town which Israel returned to Egypt last month, have been arrested and beaten up by the Egyptian authorities because of their co-operation with the Israel occupation forces, according to Israeli Press reports. Page 3.

Whaling move

The Government wants a worldwide ban on commercial whaling and a Common Market ban on whale product imports, said junior Agriculture Minister Alick Buchanan-Smith. Page 35

Skylab worry

British Airways says the return to earth of the American Skylab will cause a "massively complex operation" for airlines. Some countries would have to clear their airspace for its re-entry, and services could be disrupted.

Lule tests

Former Ugandan President Yusufu Lule left Hammersmith Hospital, London, after preliminary tests for a blood disorder. He flew to London from Dar-es-Salaam and had to be carried from the plane on a fork-lift truck.

Homeless aid

An all-party group of MPs has launched a Private Member's Bill designed to protect homeless people who are forced to accept accommodation in sub-standard lodgings. Parliament, Page 9

More alcoholics

The number of alcoholics in England and Wales has trebled to about 600,000 in the last 20 years, says Derek Rutherford, director of the National Council on Alcoholism. Page 6

Briefly . . .

One person was killed and 20 feared injured when a Belfast-Londonderry train struck a car on an unmanned crossing near Ballymoney, County Antrim. The occupants of the car escaped unhurt.

Scottish actor Roddy McMillan died of a heart attack at his Glasgow home. He was 56.

BUSINESS

Sterling falls 1.85; Gilts ease

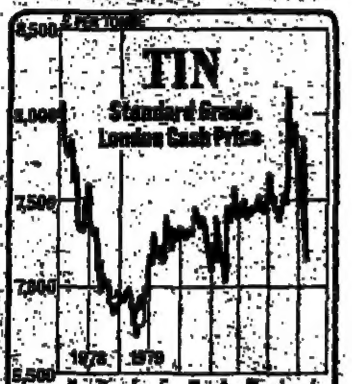
● EQUITIES market remained slow and the F.T. ordinary share index closed 3.3 down at 468.7.

● GILTS reacted to the fall in sterling and there were losses in all sectors on domestic profit-taking. The Government Securities index fell 0.49 to 72.08.

● STERLING fell 1.85c to $2.2020 and its trade-weighted index fell to 70.4 (70.8). The dollar improved and its index rose from 84.6 to 84.8.

● GOLD fell $1¼ to $288¼ in London, and in New York the Comex July settlement price was $291.30 ($289.00).

● TIN prices fell back sharply with cash tin dropping £222.5



to £7,152.5 a tonne, following a £485 fall last Friday. Page 35

● ROUGH gem and industrial diamond sales in the first half of this year fell in volume terms from last year's peak. Page 28

● WALL STREET closed 6.33 up at 852.99.

● NEW YORK'S Insurance Exchange has been officially launched with several Lloyd's members participating. The Exchange will open for business in a few months' time. Back Page

● INLAND REVENUE is to launch a study into the rapidly growing leasing industry, with a view to curbing what it considers areas of tax avoidance. Back Page; Feature Page 23

● CHINA'S first joint venture agreements with foreign companies are likely to be negotiated in the next few months, with Japanese companies taking the lead. Back and Page 4; Feature, Page 22

● LORD BERNSTEIN is to resign as chairman and director of the Granada Group at the end of September in favour of his nephew, Alex Bernstein. Back and Page 6

LABOUR

● NCB chairman, Sir Derek Ezra, is to meet the miners' leader Joe Gormley to discuss the future of the Deep Duffryn colliery in South Wales. The NCB, which made a loss of £20m over the past year, is asking for increased Government grants to help it break even this year. Page 8

● FRENCH Communist-led dockers union has called a nationwide 48-hour strike in support of docker's demands on pay and working conditions. Page 2

COMPANIES

● ROTHSCHILD Investment Trust reports revenue before tax up from £3.87m to £5.25m for the year to March 31, following a sharp rise in the second half. Page 26 and Lex

● HITACHI, the Japanese electrical concern, raised consolidated net income for the year to March 31 by 25 per cent to a record Y97bn ($447m) on sales up 9 per cent to a record Y2,575bn. Page 30

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Amal. Distld. Prods.	54	+ 6
BATs Defd.	285	+ 5
Bullough	252	+ 6
Harris Queensway	242	+ 8
Hunting Gibson	258	+ 26
Imp. Cont. Gas	533	+ 8
Imperial Group	96	+ 2
Norfolk Capital	51	+ 5
P. of Wales Hotels	102	+ 5
Ratners	106	+ 4
Robertson Foods	143	+ 6
Rothschild Inv.	240	+ 5
Sound Diffusion	116	+ 5
S.A. Breweries	69	+ 4
United Gas	73	+ 4
Valor	79	+ 3
Woodhead (J.)	94	+ 3
Hampton Areas	200	+ 16
Magnet Metals	28	+ 5
Otter Exploration	39	+ 8

FALLS

Exch. 12¼% 1999 A (£40pd.)	£43	− 1¼
Treas. 11¾% 2001-04	£94¼	− 1¼
Appleyard	81	− 4
Blue Circle	264	− 8
Coral Leisure	113	− 4
Glaxo	440	− 7
Great Portland Ests.	310	− 6
G.R.E.	240	− 8
Ladbroke	180	− 6
Land Secs.	298	− 6
Lloyds Bank	333	− 12
Mallinson-Denny	66½	− 3½
Midland Bank	370	− 12
Oil Expln.	314	− 8
Buffels	733	− 45
Saint Helena	805	− 33
West Drie.	£22¼	− ⅞

Government plans curbs on secondary pickets

Labour law reforms attacked by unions

BY CHRISTIAN TYLER, LABOUR EDITOR

GOVERNMENT PLANS for amending labour law were denounced by trade unions yesterday as an attack on workers' rights and a prescription for worse, not better, industrial relations.

In keeping with its new emphasis on "open government," the Department of Employment published working papers for a round of formal consultations with unions, employers and other groups that will lead to legislation by about November.

Although there were no surprises in the detailed plans for control of "secondary" industrial action and the closed shop and encouragement of postal ballots, union leaders reacted angrily.

Mr. Len Murray, TUC general secretary, described the proposals as "a major challenge to the existing rights of workers and their unions." They were not the limited proposals the Government claimed, he said.

The Government's suggestion that trade union immunity from civil damages for inducing breaches of contract might be limited was seen by the unions as the most far-reaching of the plans.

Mr. Tom Jackson, TUC chairman, said the danger was that a ban on "secondary" picketing could not be applied and the law would be brought into disrepute. "I can see men going to jail for this," he declared in a television interview.

Trade unions and their members could find themselves liable to "financially crippling sanctions" for almost all forms of industrial action, according to Mr. David Basnett of the General and Municipal Workers Union.

Mr. Alan Fisher of the National Union of Public Employees, described the proposals as a step backward in industrial relations.

But the Confederation of British Industry welcomed the document and said its members were in no doubt that changes were needed after the events of last winter. The present laws were clearly inadequate.

Mr. James Prior, Employment Secretary, said that the changes were limited but vitally important and directed at problems which had given rise to "widespread public concern." He promised full and detailed consultation and said: "It is essential that we get those changes in the law right."

His "shadow," Mr. Eric Varley, said the Government had not learned the lessons of 1971.

The unions' considered reaction to the proposals will begin in ten days' time, with a meeting of the TUC's employment policy and organisation committee.

But today the Transport and General Workers Union, whose lorry driver members last winter turned the Government's attention to secondary picketing, is expected to carry at its policy-making conference an emergency motion asking the TUC to mobilise maximum resistance.

A similar motion is being prepared by the National Graphical Association for this September's annual Trades Union Congress.

The tenor of the document suggests that only minor concessions are available in those sections dealing with the closed shop, where Mr. Prior has had to fight for his refusal to outlaw the practice, or on the use of public funds to finance important union ballots.

But it leaves open the question of whether to restrict the legal immunity of "secondary" pickets only, or whether to bring into the net the much more common form of indirect industrial action, blacking.

● United Biscuits, which secured a temporary injunction against a transport union shop steward, Mr. Reg Fall, during the lorry drivers' strike, has withdrawn from the action, according to Mr. Fall's solicitor.

The company had been ordered to pay all the costs of the action. According to a statement from the solicitors, Mr. Fall said the allegation against him was "completely unfounded."

Details Page 8 ● Editorial comment Page 22

United Airlines finds fresh crack in DC-10

BY JOHN WYLES IN NEW YORK

UNITED AIRLINES, the largest U.S. operator of McDonnell Douglas DC-10s, said yesterday it had discovered a fresh crack in one of its grounded aircraft in a section not previously inspected.

The crack, said by the airline to be in a "non-critical" area, was found during a new round of inspections ordered by the Federal Aviation Administration.

It was not immediately clear what effect, if any, the discovery would have on the FAA's plans for an early resumption of operations by the 138 U.S.-operated DC10s which have been grounded since June 6.

The FAA announced late on Sunday that it expected to be able to restore the aircraft's certificate of airworthiness either yesterday or today but by mid afternoon yesterday nothing had been heard from Mr. Langhorne Bond, the chairman.

United Airlines said yesterday that a crack had been found in the pylon assembly attaching the engine to a wing of one of its DC10s at Newark, New Jersey, but he added that it was not in the same part of the pylon as the fault on the DC-10 which crashed at Chicago on May 25.

In line with instructions, the inspection had been carried out in the presence of a FAA supervisor who had decided that the crack was in a "non-critical area." The plane had been issued with a special certificate and flown to United's maintenance centre in San Francisco.

The new inspections were ordered by the FAA late last Friday. Even in the FAA clears the DC10s for a resumption of operations within the next 24 hours it will be several days before all 138 aircraft operated by U.S. airlines have been investigated.

But in the last 72 hours, the FAA has called for special inspection of wing slats on the aircraft which give the DC10 greater lift when deployed forward along the leading edge of the wings. It has also required an improvement in the DC10s stall warnings system so that sensor detectors operate on both wings instead of one.

Finally, a resumption of flights will be delayed at least 24 hours after the FAA finally clears the DC10 so as to comply with an order issued by a Federal judge in Washington. Although the FAA operated independently of the judge in grounding the aircraft on June 6, its move came a few hours after the judge issued an order which would have had the same effect.

The Washington court will require the FAA to explain its decision to allow the DC10 to

Continued on Back Page

Cabinet Secretary

SIR ROBERT ARMSTRONG, permanent Secretary at the Home Office, is to take over the key government post of Secretary of the Cabinet.

He will succeed Sir John Hunt, who retires in October.

Sir Robert, one of Whitehall's most able administrators, has previously served as private secretary to two Prime Ministers—Mr. Edward Heath and Sir Harold Wilson—and to two Chancellors of the Exchequer — Lord Butler and Mr. Roy Jenkins.

He takes over the £25,211 a year post at the age of 52.

He will be succeeded at the Home Office by Sir Brian Cuddon, aged 51, Permanent Secretary to the Northern Ireland Office.

Mr. Kenneth Stowe, who only a few weeks ago went to the Northern Ireland Office as a deputy secretary, will succeed Sir Brian.

Profile Page 9

£150m contracts for nuclear generators to be placed soon

BY JOHN LLOYD

ORDERS FOR two pairs of turbine generators for Britain's next two nuclear power stations—worth around £150m—will be placed soon.

It is understood that the Central Electricity Generating Board has decided to let the design phase of the turbine generator contract for the Heysham advanced gas-cooled reactor (AGR) to Northern Engineering Industries, while the South of Scotland Electricity Board will place the design contract for the Torness AGR's turbines with the General Electric Company.

Both decisions, however, have still to be ratified by the Government. Mr. Norman Lamont, the junior Energy Minister, told the House of Commons yesterday that the CEGB had informed him of its decision, but that it was "primarily a matter for the Board."

A decision is still to be made on the manufacture of the boilers for the stations, though the design phase has been let to NEI, which makes it favourite for the construction work.

However, if NEI does receive the manufacturing contract, it is likely that the other UK boilermaker, Babcock and Wilcox, will receive a substantial proportion of the work, possibly as much as 20 per cent.

It is likely that the contracts will be tied up before the Government decided on the future of the Nuclear Power Company, the part-public, part-private managing corporation for the UK's nuclear power stations.

Two options appear to have emerged as front runners. The first of these sees the Government taking a 35 per cent share in the NPC through the UK Atomic Energy Authority, with stakes of 13 per cent each going to five private groups.

These are GEC, which presently manages the NPC; NEI; Babcock and Wilcox; a joint holding by civil contractors Taylor Woodrow and MacAlpine; and a further stake shared by several smaller companies.

This scheme, supported strongly by NEI and MacAlpine, is thought to commend itself less to the other major power plant companies, and is likely to be only reluctantly supported by the CEGB.

A second scheme, which

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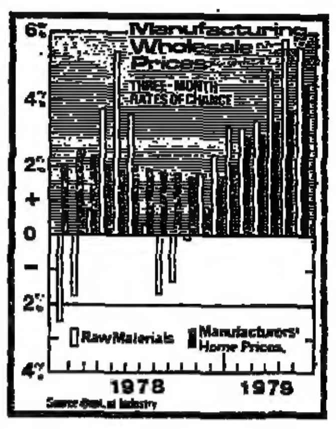
For latest Share Index phone 01-246 8026

Strong pound offsets raw materials rise

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE PRICES of manufactured goods are now rising rapidly in response to the big increase in industry's raw material and labour costs since last autumn.

The wholesale price indices, published yesterday by the Department of Industry, show that the acceleration in price inflation would have been much larger but for the appreciation in sterling this year.



Nevertheless the rise in the pound has only been sufficient to offset part of the rise in oil and other raw material costs, notably food.

The build-up of inflationary pressures was last month reflected in a 1.7 per cent rise in the price index for manufactured products to 170.6 (1975=100). This was mainly the result of higher petroleum prices and there was no impact from the rise in value-added tax since this is excluded from the index.

Output prices have risen by 4.5 per cent in the last three months. The acceleration is highlighted by comparison between the 7.8 per cent jump in this index in the first half of this year and the 3.7 per cent increase in the second half of 1978.

The high level of pay deals has been a big contributor to these price rises but the main reason for the deterioration in inflation prospects has been the rise in raw material costs.

The index for the cost of fuel and materials bought by manufacturing industry rose by 9.3 per cent in the first half of this year, compared with an increase of 0.9 per cent in the previous six months.

The rise in costs so far this year would however have been very large,—possibly at an annual rate of over 30 per cent—but for a 7.5 per cent appreciation of sterling over the period.

The strength of sterling last month—rising by an average of 2.1 per cent against other currencies—helped to limit the rise in the costs index in June to 0.6 per cent to 162.1 (1975=100).

The pound yesterday fell against all major currencies after its sharp rise at the beginning of the month. The rate fell 1.85 cents to $2.2020 and the trade-weighted index closed 0.4 down at 70.4.

Sterling is still nearly 3 per cent higher than last month's average

These figures are one reason why the Government supports a strong pound as a restraining influence on inflation. But after taking account of the VAT rise, the prospect is for an acceleration in the 12-month rate of retail price inflation — 10.3 per cent in the year to mid-May — up to 17 to 18 per cent by the late autumn.

Prices charged by companies outside the food, drink and tobacco sectors rose by 1.7 per cent last month with higher prices for petroleum products accounting for almost a half of the increase.

The raw material costs of these companies were virtually unchanged last month. Increases in crude oil prices were only partly offset by the strength of sterling but prices for other materials fell by 10.7 per cent. The prices of some metals has recently begun to drop sharply.

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WHOLESALE PRICES (1975=100)

		Raw Materials	Output (home sales)
1978	1st	140.2	149.2
	2nd	146.3	151.8
	3rd	144.9	154.8
	4th	147.1	157.3
1979	1st	152.2	161.6
	2nd*	160.5	167.9
	Jan.	150.8	160.0
	Feb.	152.2	161.7
	March	153.5	163.2
	April	158.4	165.5
	May*	161.1	167.7
	June*	162.1	170.6

* provisional

Source: Department of Industry

£ in New York

—	July 9	Previous
Spot	$2.2065-2075	$2.2040-2060
1 month	0.80-0.74 dis	0.65-0.60 dis
3 months	1.78-1.72 dis	1.70-1.65 dis
12 months	4.50-4.40 dis	4.40-4.25 dis

Tories take new name for Europe

BY ELINOR GOODMAN

CONSERVATIVE MPs at the European Parliament are to call themselves European Democrats in future, in the hope of winning more allies in the new Assembly. At their first group meeting here in Luxembourg yesterday, the delegation voted by 48 votes to 10 in favour of adopting the title of the European Democratic Group, for the purpose of European politics, while retaining the name Conservative at home.

The 59 British Conservatives will completely dominate the new group, with only three Danes and one Ulster Unionist sitting with them. But the hope is that without the name "Conservative," and what are acknowledged to be the strong Right-wing overtones it carries in some countries, the group will be more successful in picking up members from among those MPs *not as yet aligned* to any particular group.

Some Conservatives who have been involved in Europe before believe that without the name Conservative in the title, the group may be more acceptable *as an ally for other groups in* the Centre-Right of the Parliament.

Before the decision was put to the vote yesterday, Mr. Jim Scott-Hopkins, the newly-elected leader of the Conservative group, *said the idea had been* approved by Mrs. Margaret Thatcher, the British Prime Minister.

Experience in the past, Mr. Scott-Hopkins said, had often shown that the word "Conservative" led to some *reluctance* on the part of other parties in the Parliament to support the group.

The Conservative group is already the largest in the Assembly after the Socialists and the Christian Democrats. But, like all the groups meeting here this week in preparation for the formal opening of the *new Parliament in Strasbourg* next week, they are clearly anxious to add to their numbers, and so increase the quota of committee chairmanships to which they are entitled.

Most accept that this is more *likely to happen as a result of* individual non-aligned members deciding to join their group. But some new Tory MPs believe they may be able to attract at least part of the French Giscardian delegation. So far, the *Giscardians—who are being lobbied on* all sides are behaving in a highly individualistic manner, with Mme. Simone Veil, a likely presidential candidate, declaring herself a Liberal.

The Conservative group, which arrived here yesterday, was one short of the 60 MPs elected. The Home Office has raised a question over the election of *Miss Shelagh Roberts* for the South-West London constituency, and there may have to be a by-election there.

The groups meeting here yesterday also began to elect their leaders. *The Socialists* are to be led by M. Ernest Glinne, a former Belgian Minister, with Mrs. Barbara Castle, leader of Britain's Labour delegation, as one of his five vice-presidents.

Dr. Egon Klepsh, the leader of the *Christian Democrats in* the last Parliament, is to lead his group again.

Brandt hits at use of force to protect oil

The West German ruling coalition has again made clear it *would deplore any U.S. move* to try to safeguard Middle East oil supplies by military intervention, Jonathan Carr writes from Bonn.

Herr Willy Brandt, the Social Democrat Party leader, yesterday reacted sharply to reports that such intervention was again being discussed in Washington, and urged the Americans to save energy instead.

Anyone whose brain was working properly, Herr Brandt said, could see that even a conservative country like Saudi Arabia would blow up its oil fields before foreign troops could take them over.

"Our esteemed American friends must stop wasting oil as they do at present. Then they would already have made a big contribution to reducing their energy problems," Herr Brandt said.

Spain pulls out jailers

Paramilitary police guarding the cells and galleries of the maximum security jail at Soria, in northern Castille, where over 100 alleged ETA prisoners are being held, have been withdrawn, David Gardner writes from Madrid. This was a key demand put forward by the Basque guerrilla organisation's politico-military wing when it began the recent bombing *campaign in Spain's Mediterranean* coastal resorts.

Soviet visa dispute

Mrs. Arina Ginzburg, the wife of Mr. Alexander Ginzburg, the exchanged Soviet dissident, was told yesterday by a Soviet visa officer that she has until July 25 to decide whether to leave the Soviet Union, but that Mr. Sergei Shibayev, whom she considers her adopted son, must remain in the USSR, David Satter writes from Moscow. Mrs. Ginzburg has refused to leave without assurances that Mr. Shibayev, a 19-year-old now serving with the Soviet armed forces in Eastern Siberia, would be allowed to leave with her.

Luxembourg coalition

Christian Democrats and Liberals agreed yesterday to form the next coalition Government in Luxembourg, thus forcing the Socialists into Opposition, AP reports from Luxembourg. The centre-right coalition announced it had agreed on a programme, and would settle the distribution of *ministerial* posts today.

Europe oil price

The increase in consumer prices for oil products in the Common Market has caught up *in a month with the increase in* the oil price charged by OPEC, according to official figures yesterday, AP reports from Brussels. The increase was calculated from December 12, 1978.

'Breakthrough' in Italy pay talks

BY RUPERT CORNWELL IN ROME

A BREAKTHROUGH may be at hand in the long deadlocked negotiations *for a new wage contract for 1979-81, for Italy's* 1.5m metal and engineering workers.

After five days of discussions and a final 27-hour bargaining session at the Labour Ministry in Rome, representatives of the public sector employers and the unions initialled an outline agreement covering the thorniest issue dividing the two sides, that of a reduction in working hours.

Although the agreement only covers the 300,000 workers in the public sector, where a settlement has from the outset looked more probable, it is an unmistakeable sign that an accommodation may not be too distant between the unions and the private employers' organisation, Federmeccanica, representing groups including Fiat and Olivetti.

Under the deal the working week broadly remains at its current level of 40 hours. But management has agreed to reinstate at once five public holidays recently abolished, with the assurance of a further five days, *on a basis* to be agreed, with effect from July 1, 1981.

With this partial success in his pocket, Sig. Vincenzo Scotti, the Labour Minister who has been acting as a mediator between the two sides, was last night presenting an overall compromise plan to both sides, including private employers.

Union spokesman hailed the outline agreement as a considerable success, and a boost for their *strategy of increasing* employment, especially in the depressed South. Sig. Ettore Massacesi, President of the State-owned Alfa Romeo car group who has led the public sector employers in the talks, *suggested* afterwards he might have given away too much on the issue of shorter hours. But he denied that he had broken the common bargaining front *between public and private* sector companies.

Even if agreement does come fairly speedily now, it will not be *a moment too soon.* While the two teams have remained locked in the Ministry, thrashing out a deal, unrest and disruption in the northern industrial cities of Milan, Turin and Genoa has been growing daily more serious. In any case, the metal-workers' unions have called a further six *hours of strikes* to back up their *claims* for this week.

Athens banks by-pass strikers

BY OUR ATHENS CORRESPONDENT

THE banks are on strike, the shops are doing hardly any business, and the Greeks are disturbed. A series of Government measures aimed at saving petrol is altering their pattern of life.

Afternoon swims in the sea and late-night revelling in the tavernas are among the features of Athens which have been sacrificed to the cruder economic realities of today.

Now, to make matters worse, taxi drivers and lorry drivers are also threatening strike action.

The 30,000 bank employees, long one of the most effectively unionised sectors of the community, have been on strike since Wednesday. With 5,000 insurance company employees, they object to Government demands that banks should open and close an hour later.

The banks' hours would then become 8.45 am to 4.30 pm, more in line with working hours elsewhere in the EEC.

The Government argues that this and other proposals to stagger working hours would reduce the huge traffic jams which are a feature of Athens, and would thus save fuel. But bank employees object to the Government's unilateral action, which incidentally would make it difficult for them to have midday swims.

Despite the strike, several banks are working on a skeleton basis, mostly with non-permanent employees, and tourists are still able to change their foreign exchange. Now the Government is encouraging banks to use pensioners and non-union labour.

The rise in oil prices is expected to increase inflation in Greece to over 20 per cent this year. While complaining about this, Greeks, who are inveterate nightbirds, are also having difficulty in adjusting to last week's edict that restaurants and nightclubs must close by 2 am.

This measure too is intended to save petrol, but is causing almost as much popular resentment as the Government's decision to increase import duties on motor cars.

Cyprus negotiations in trouble

BY DAVID TONGE

THE CYPRIOT intercommunal talks are in trouble again. Resumed on June 15, they were adjourned by the UN representative after only four sessions. It was intended to be a short adjournment, but the question of how to revive the talks is now worrying Western diplomats and involving Dr. Kurt Waldheim, the UN Secretary-General.

The Greek and Turkish Cypriot leaders, President Spiros Kyprianou and Mr. Rauf Denktash, agreed in May that the talks would deal "with all territorial and constitutional aspects" and would be on the basis of guidelines agreed between Mr. Denktash and the late President Makarios in February 1977.

But when the talks began the Turkish side demanded that the two parties should agree on the "bi-zonality" of the island and the need to ensure the security of both communities.

Bi-zonality would imply a greater separation of the island than the Greek Cypriot majority wishes to see. It has rejected demands for recognition of the concept. The Turkish Cypriots' case is that it and the question of security were agreed on in the private talks which led to the Makarios-Denktash guidelines. They say that the Cypriot Foreign Minister has twice admitted that agreement has been reached on these concepts and that a map presented *by the Greek Cypriots in March 1977* proposed the size of the zones of each community. The Turks say that the existence of these concepts was reaffirmed at the Kyprianou-Denktash summit in May.

The Turkish side is pressing Dr. Waldheim to confirm its claims. The UN stand is that for it to endorse either community's position would undermine its ability to act independently. To this the Turkish Cypriots reply that correcting the historical record is not taking a position. "It is his duty to help the talks," one official said.

The Greek Cypriots reject the Turkish Cypriots' claims, saying that the guidelines were finely balanced and adding new concepts would distort that balance. They accuse the Turkish *Cypriots of seeking to avoid the* more fundamental issue of constitutional and territorial arrangements and the priority, agreed in May, to be given to allowing Greek Cypriots back to the Varosha area in Famagusta.

Mr. Knut Frydenlund: Norway's Foreign Minister

Fish war looms for Norway and Iceland

By William Dullforce in Stockholm

AFTER THREE "Cod Wars" with Britain, Iceland could be heading for a "Capelin Skirmish" with Norway later this summer. Negotiations between the two countries' Foreign Ministers over the *Capelin fishing off Jan Mayen,* a rocky volcanic island owned by Norway north-east of Iceland, broke down last week, and Oslo announced that Norwegian vessels would start fishing in the area from July 23.

The capelin is a small fish of salmon family, used mainly for fish meal and fish oil, although the Japanese have been buying femal capelin for human consumption because of the supposed effect of the roe on sexual potency. Some 1.2m tons was caught in Icelandic and Jan Mayen waters last year.

The Norwegian Government has *been under pressure from its* fishermen, who have had their share of the Barents Sea capelin fishing heavily reduced by agreements with the USSR, to declare an economic zone around Jan Mayen, to preserve the capelin there for Norwegian trawlers.

Such an economic zone would overlap 25,000 sq kms of Iceland's 200-mile economic zone, and the Norwegian Government has been reluctant to proceed without an understanding with its Nordic neighbour and NATO ally. As the "Cod Wars" with Britain demonstrated, Icelandic public opinion tends *to swing against* the NATO base at Keflavik whenever Icelandic fishing is threatened.

Last month, Iceland announced that it would enforce its fishing regulations throughout its economic zone, including the overlap with the Jan Maven zone. The Icelanders dispute Jan Mayen's right to an economic zone of its own until the International Conference of the Law of the Sea has clarified the status of islands without independent economies.

A compromise appeared to be in sight when Mr. Knut Frydenlund, Norway's Foreign Minister, visited Reykjavik at the end of June, and tentative agreement on 90,000-ton quotas for each side for the Jan Mayen capelin fishing was reached. But Iceland refused to accept Norway's right to declare an economic zone round the island as the legal basis for this control of the fishing.

The Norwegians have now decided to send their boats in on July 23. Their fishermen, *it is understood,* will be asked to avoid a confrontation in the 25,000 sq km overlap area, and the Oslo Government may well halt the fishing when catches approach the 90,000-ton level.

Romania defies Warsaw Pact over China attack

BY LESLIE COLITT IN EAST BERLIN

ROMANIA'S refusal to endorse the latest Warsaw Pact declaration bitterly attacking China is the most serious act of defiance by the independent Communist country since last November, in the view of East European officials here.

At that time, Mr. Nicolae Ceausescu, Romania's President, refused to comply with a demand by Mr. Leonid Brezhnev, the Soviet President, that Romania should increase its military budget.

Mr. Virgil Cazacu, the chief Romanian delegate to a two-day high-level conference of Warsaw Pact central committee secretaries in East Berlin, resisted all efforts by the chief Soviet delegate, Mr. Boris Ponomarev, to get him to put Romania's name to the anti-Peking document.

Mr. Cazacu left the conference before a reception given by Herr Erich Honecker, East Germany's President. The conference has been held annually since 1973 to co-ordinate the Warsaw Pact's stand on international and ideological questions.

The declaration says the parties at the conference "stress that Peking's hegemonistic big-*power goals*" are a "danger to the security of all peoples." It condemns "Chinese aggression" against Vietnam, and welcomes the "new Kampuchea," the former Cambodia, which is allied with Vietnam.

Also unacceptable to Romania was a condemnation of the "Egyptian - Israeli - separate agreement under Washington's tutelage." Romania refuses to endorse attacks by name on any country with which it has good diplomatic relations.

The East Europeans here note that the intensity of the anti-Chinese statement appears to rule out any chance that Moscow and Peking can reach a *modus vivendi* at their talks scheduled for later this year.

The Romanians further objected to a reference by Herr Honecker to the "Socialist community of nations with the Soviet Union at its core." Romania has refused since Stalin to accept that Moscow is at the "core" of the world Communist movement.

Paul Lendvai adds from Vienna: Romania's industrial growth rate for 1981-85 will fall to between 8 and 9 per cent a year, compared with an average of 11 per cent during the past three years, according to Mr. Nicolae Ceausescu, Romania's President.

The proportion of investment to national income will be reduced from 33 per cent in the present five-year plan to 30 per cent in the next.

Although these figures are well above the comparable targets set by other Comecon members, they are the first indirect admission by the President that the drive for industrialisation has overtaxed Romanian resources.

Romania should reduce oil and fuel imports by 1985, and within the next decade it must reach self-sufficiency in energy and fuel, he said.

French dockers go on strike

BY ROBERT MAUTHNER IN PARIS

THE COMMUNIST-LED CGT union called a nationwide 48-hour dock strike starting yesterday, after the failure of talks between port employers and unions on a series of dockers' demands over pay and working conditions.

The strike call, which is expected to be widely followed, brings to a head a long-standing dispute which has particularly affected Marseilles, France's biggest port.

Mechanical handling companies refused to employ any labour for several days last week, leading to about 700 dockers being laid off. At least eight ships were detained at Marseilles.

The conflict has been simmering since the beginning of the year. Dockers have been on strike for 25 weekdays and 22 Sundays, and have been refused work for several other days.

According to port officials, six shipping companies which regularly use Marseilles have already decided to use other *ports on a permanent basis.* Others, like the big Scandutch consortium, are reported to be on the point of a similar decision.

Marseilles shipowners have estimated that the days lost in turning round ships have cost them FFr 16m (£1.6m) since the start of the year, while road transport companies claim that sporadic strikes over the past few months have reduced their turnover by as much as 30 per cent.

Although a national agreement settling some of the questions was reached at the end of June, the CGT has continued to organise further stoppages. Even after the agreement, the union refused to lift its ban on overtime for night and weekend work.

Record trade deficit for Ireland

BY STEWART DALBY IN DUBLIN

IN THE first really authoritative figures seen this year, Ireland registered a record trade deficit for May.

Imports were valued at £463m, leaving a large deficit of £152m for the month. The trade deficit for the 12 months to May was thus just over £1bn.

Exports for the year ending in May rose by 14 per cent, to £13.3bn, while imports increased by 25.5 per cent.

It was suspected that imports had been rising sharply, not least because of the decline of the Irish pound against sterling since Ireland *fully* joined the EMS in March. However, there have been no firm figures since February because of the four-month post strike. This stopped the Central Office of Statistics from assembling proper figures.

With the Irish pound standing at 92.7p last Friday, there is concern in some quarters about what further increases in sterling could do to Ireland's vulnerable balance of payments.

Ultimately, a continued poor trade performance could raise questions about the wisdom of Ireland continuing within a fixed exchange rate system if *Britain is not a member.*

Recent central bank statistics envisage a balance-of-payments deficit of £380m for this year, based on a trading deficit of around £950m. However, with the trade *deficit running* at over £1bn in the year to May, and with important invisible foreign exchange earners like tourism likely to suffer because of strikes, the deficit could be higher. Ireland would then have trouble covering it through capital inflows like direct foreign investment.

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BIS considers action on inflation

BY DAVID MARSH IN BASLE

LEADING central bankers meeting in Basle yesterday at the Bank for International Settlements (BIS) discussed co-ordinating increases in interest rates to dampen inflationary dangers caused by the oil price rise. The West German Bundesbank will consider a rise in its discount rate from the present 4 per cent at the meeting of its policy-making central council on Thursday.

The central bankers were joined in their discussions yesterday by Mr. Jacques de Larosiere, managing director of the International Monetary Fund.

Mr. Teiichiro Morinaga, the governor of the Bank of Japan, who is making a rare appearance at the monthly BIS meeting, is also understood to favour a further rise in his country's bank rate, now at 4¼ per cent.

The German and Japanese authorities are concerned at the expected rise in their inflation rates to around 4 per cent so far this year.

According to one participant at yesterday's meeting, the Bundesbank realises it is in a dilemma over German interest rate policy. On the one hand, the bank feels a further rise in bank rates is necessary to arrest this year's sharp rise in domestic bank lending, which has grown so fast as to endanger the central bank's 1979 money supply target. On the other hand, a rise in bank rate, which was last raised to 4 per cent at the end of March, could unleash further pressures on foreign exchange markets on both the dollar and the weaker currencies within the European Monetary System.

The New York Federal Reserve Board, the Bundesbank and the Swiss National Bank have been intervening heavily since the renewed weakness of the dollar in mid-June, to prevent the dollar falling too far against the Deutsche Mark and the Swiss franc. Total intervention over the past three weeks by the three central banks has been more than $4bn, with the Swiss National Bank's dollar purchases alone totalling $1.5bn.

Rising German interest rates engineered by the Bundesbank in recent weeks have given rise to speculation that parities in the EMS will have to be re-aligned soon to accommodate the strength of the Deutsche Mark. But Bundesbank officials yesterday pointed to the success of the Belgian National Bank in hauling the Belgian franc away from its lower intervention point against the Deutsche Mark over the past few days.

James Buchan in Jeddah explains the significance of a Middle Eastern mini-summit meeting which passed almost unnoticed

A family affair—Saudis spur a move towards Gulf unity

AS LEADERS of the seven major free world economies met in Tokyo recently and OPEC ministers convened in Geneva, the remote mountains of Saudi Arabia's South-west were the scene of a smaller, regional summit. Nevertheless it was one that might have an important bearing on global problems.

Rulers and senior Ministers of five Gulf states joined King Khaled and the Saudi court at manoeuvres by units of the Saudi army and air force based at Khamis Mushait, 50 miles north of the border with North Yemen.

The display came just over a week after Planning Ministers of the six countries and Oman agreed on a belated programme of *industrial consultation* to prevent divisive and socially disruptive competition in their development plans.

The Khamis Mushait exercises, the largest ever staged in Saudi Arabia, were preceded by a *march-past of 40,000 armed* tribesmen and brought approving responses from the Gulf leaders. The ruler of Qatar, Sheikh Hamad al-Thani, described the Saudi armed forces as "a bulwark of the Arab world" and the 50-minute exercises as evidence of "the strength of the Arab force which must now defend Arab and Moslem interests."

"It was a very family affair," said one of 12 non-Gulf defence attachés who was invited to the display. The ruling al-Saud family have traditionally enjoyed close personal ties with the Thanis of Qatar, the Jabers of Kuwait and the Khalifas of Bahrain and more recently with Sheikh Zayed of Abu Dhabi and the federal leadership of the United Arab Emirates. The exercise was also orientated towards a family problem—the Marxist regime in South Yemen whose capacity to exacerbate internal troubles in other peninsular states was shown in Oman's *Dhofar insurgency* during the mid-1970s and this year in fighting in North Yemen.

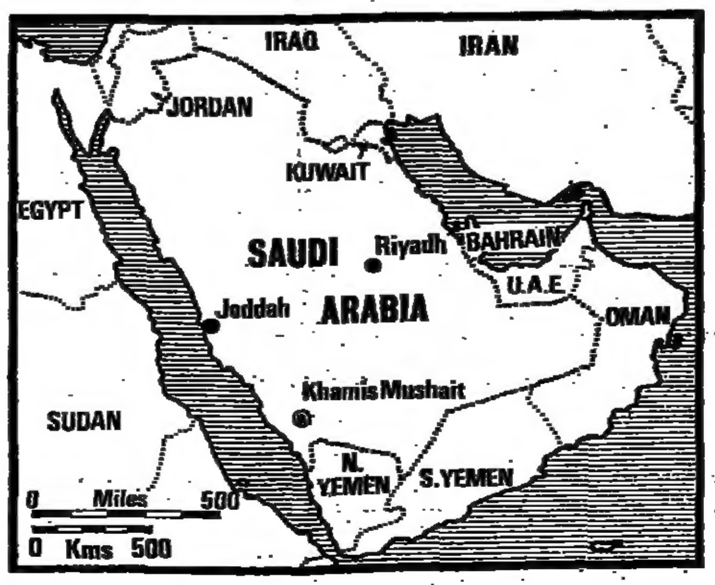
Even so, the North Yemeni President, Ali Abdulah Saleh, declined to attend. He sent his Prime Minister instead, apparently angered by Saudi policing efforts last month on North Yemen's extremely vague eastern border with Saudi Arabia.

Saudi newspapers all described the exercises as a turning point in Gulf relations but Western observers were cautious about concluding that Saudi Arabia was offering its protection to the small States weaker than itself. To date, a severe shortage of recruits and a shortage of hard-wear has held back the Saudi armed forces despite spending of more than $10bn a year under the heading of defence.

However, a number of factors suggests that Saudi Arabia is seeking to use a general nervousness to prod the Gulf States into a more effective attitude to security. One is Riyadh's awareness that the U.S., as protector of last resort, can only be relied on to look after its own interests associated with oil-field security and limiting Soviet incursions. The *example of the Shah* has shown that the U.S. cannot be expected to protect the established order or to keep a ruling house in power. Moreover association in regional security with the sponsor of the Egypt-Israel peace, moves could be embarrassing for the Saudis.

The loss of Egypt from the states confronting Israel has led to one major re-alignment in the Arab world—the moves toward unity by the Ba'athist regime of Iraq and Syria. The knowledge that the new regime in Iran cannot be relied on not to interfere in the Gulf region is causing acute nervousness in the states of the eastern seaboard especially Iraq and Bahrain, which have large Shi'ite populations.

While moves toward a Gulf security pact in 1976 foundered at a meeting in Muscat, Oman, on suspicion of Iraq by the *lower Gulf states, Prince Naif,* the Saudi interior minister, has been pressing for much closer links at the lowest level in internal security. Treaties covering extradition and police cooperation have been signed in the past year with Jordan, Iraq and Tunisia. Within the past month, Prince Naif has discussed foreign assistance for improving Saudi security with France, Taiwan and South Korea.



Saudi Arabia shares with Gulf states the headache of the foreigners actually outnumbering natives in the labour force. The aliens are seen as a threat both physically and culturally to the established order, and in Saudi Arabia, the reduction of their numbers predominance has been made a "critical factor" in the five-year plan that begins next year. "We are convinced that imports of foreign manpower will increasingly affect our customs and outlook," Sheikh Hisham Nazer, the Saudi Planning Minister, has said.

A clumsy but eventually effective campaign to round up illegal immigrants in Saudi Arabia was completed at the beginning of the year.

That Saudi Arabia had been able to persuade the other Gulf countries of its view of priorities was shown in the communique from the Planning Ministers. It commenced like the Second Saudi Development Plan, with a call to defend the internal security and religious integrity of the peninsular.

In practical terms, the Riyadh meeting agreed on the immediate goal of co-ordinating development plans to prevent competition. Even North Yemen is now facing a labour shortage caused by the departure of large numbers of Yemenis to Saudi Arabia and the Gulf. The more developed Gulf states are all committed to capital intensive heavy industry based on the use of oil and gas for fuel and feedstock.

Saudi Ministers have repeatedly pointed to dangerous competitive tendencies which are developing. For example, an aluminium products plant in the eastern province has to be protected by tariffs on the output of a similar Bahraini plant. The start in the early 1980s of an 850,000-ton-a-year steel mill in Jubail will remove the Saudi market from the Qatari mill at Umm Said. Existing producers of liquid petroleum gases—Kuwait, Abu Dhabi and Qatar—are concerned at Saudi plans to bring on stream large volumes of gas for export by 1985.

Despite the burden of future negotiations over co-ordination, the communique said that it was just a step towards the pressing and ultimate need of an economic unity embracing all the states of the peninsula. To this end the Ministers agreed on a belated plan for more joint work on infrastructure—roads, airports, telecommunications—and agriculture.

Without doubt, Saudi Arabia is looking at the question with increasing urgency because its own plans for petrochemical industries are likely to see the light this year with agreement on *Saudi Arabia's* first project, a 650,000-ton-per-year ethylene plant in joint venture with Shell. In April, a joint committee of Saudi Arabia and Kuwait agreed on a $2.3bn fund to set up 18 joint industrial ventures. Saudi Arabia has also agreed to meet the $300m cost of a causeway to Bahrain.

Saudi Arabia has also bought 20 per cent ownership in Aluminium Bahrain (ALBA) while its own plans for a smelter have been delayed until at least 1985. In setting off for Bahrain this week, Dr. Ghazi Algosaibi, the Saudi industry minister, said that the two deals "mirrored the political desires of the Khamis Mushait summit."

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Egyptians 'beat El Arish collaborators'

BY DAVID LENNON IN TEL AVIV

DOZENS of residents of El Arish, the Sinai town which Israel returned to Egypt last month, have been arrested and beaten up by the Egyptian authorities because of their co-operation with the Israeli occupation forces, according to Israeli press reports.

The reports were discussed at Sunday's meeting of the Israeli Cabinet in Jerusalem, according to Yediot Aharonot, a mass circulation afternoon newspaper.

The subject was also said to have been raised during the Egypt-Israel talks on Palestinian autonomy in Alexandria last month by Mr. Ariel Sharon, Israel's Agriculture Minister, and will be raised again by Mr. Ezer Weizman, Defence Minister, when he meets his Egyptian counterpart at the end of the month.

Israel is worried by this manifestation of reprisals against Arabs who co-operated with Israel at a time when the two countries are supposed to be developing normal relations.

The paper quoted El Arish residents as claiming that the economic prosperity which they enjoyed under Israeli rule had been replacel by Egyptian austerity. One resident said that he earned the equivalent of 15 Egyptian pounds (£10.6) a day under Israeli rule, but his income had now dropped to E£15 a week.

It is also reported that the new Egyptian governor of the town, has dismissed all municipal and Government workers who were employed by the Israelis. The fishing industry, which found a ready market in Israel, is said to have been affected severely by the change of political ruler.

Residents at the Israeli settlement in the Yamit area, east of El Arish, were full of unconfirmed stories last month about the murder in El Arish of "collaborators" by the Egyptian authorities. It is known that a number of people were shot by the Egyptians while trying to smuggle goods across the border. Others were arrested by Israel and handed over to the Egyptians.

Meanwhile Israeli soldiers clashed with Arab villagers in northern Israel yesterday when the Arabs demonstrated against the construction of a new Jewish settlement beside the village of Me'iliya.

The army had used tear gas against the stone-throwing villagers who tried to prevent bulldozers from levelling an access road to the site. At least 10 Arabs were arrested and two drivers of Israeli vehicles were injured.

The settlement is one of 20 planned for the Galilee area where the majority of the population is Arab. Israel has long been concerned about the demographic balance and has laid plans for increasing the Jewish population. The Arab residents are worried that this will mean expropriation of more of their land and complain that there is not enough for the growing populations of the Arab villages.

L. Daniel adds from Jerusalem: Agreement has been reached between Egypt and Israel for the sale of Israeli newspapers in Egypt and of Egyptian papers in Israel, the Gaza Strip and West Bank.

Great importance is attached to the agreement since it is believed that the presentation of the Egyptian viewpoint in the occupied territories might lead to second thoughts there about talks on the establishment of administrative autonomy.

Fire cuts Abadan output to 100,000b/d

BY OUR OWN CORRESPONDENT

OUTPUT at Iran's Abadan export refinery, one of the world's largest, has dropped from 550,000 barrels a day to 100,000 b/d after the pipeline explosion at the weekend.

Officials at the refinery say the drop was caused by the disruption in the crude oil flow following the blast on the line from the Aghajar field. The fire spread to two gas lines, two oil-products lines and two other crude lines.

All these installations are now shut down for repairs that will take about three days, according to the National Iranian Oil Company.

It is believed, however, that the intense heat and continuing fires in the desert, where spillage is still burning, may delay repair work. Abadan officials have said that there might be temporary fuel shortages in Iran because of drop in throughput, but that exports should not be affected.

NIOC has still made no statement concerning the cause of the explosion. It could have been an accident but other informed observers attribute the incident to sabotage by Arab or left-wing dissidents.

It was also suggested yesterday that the reduction in the Abadan refinery's throughput might not be because of the explosition alone. Only 15 men reported for work at the Shiraz refinery yesterday because of work and management disputes.

General unrest in the province of Khuzestan appeared on the increase with reports of a grenade attack on three revolutionary guards in the town of Khoramshahr, where fighting broke out last month and an armed attack on a gendarmerie post in Dezful.

Reuter adds: Iran's Soviet-built steel complex at Isfahan may be forced to close in less than two weeks because of an acute shortage of coking coal.

Experts say that unless the authorities import the necessary coal in the next few days, it would take at least 18 months to get the plant going again.

The Isfahan complex, one of Iran's main industrialisation projects under the Shah, was built by the Soviet Union in return for Iranian natural gas. It began production in 1973 with an annual capacity of 600,000 tonnes, which was due to rise to 1.9m tonnes.

The steel mill, Iran's first, is reported to have reserves of only 6,000 tonnes of coking coal, compared with the stock of 20,000 tonnes which was normal before last February's revolution.

The mill, run with the help of a large team of Soviet specialists, used to need 2,000 tonnes of coking coal a day when it was working at full capacity. But capacity has been reduced.

Mr. Mohammed Ali Mowlavi, governor of Iran's central bank, has said that the $1bn foreign debts of the nationalised banking system will be honoured. He told a Press conference that foreign banks to whom the money was owed had nothing to worry about and would be repaid in full.

Mr. Mowlavi also said the Government was studying the shareholding of foreign banks in the nationalised banking system and promised that the "legitimate rights of foreign investors" would be taken into account when compensation was paid.

Limann is tipped to win as Ghana votes again

BY MARK WEBSTER

GHANAIANS went to the polls for the second time yesterday, to elect a civilian President to take over the Government on October 1.

The run-off between two candidates was necessary after an inconclusive first round three weeks ago. The two remaining candidates were Dr. Hilla Limann, of the Popular Front party, and Mr. Victor Owusu, of the People's National Party.

Dr. Limann's party gained half the 140 seats in the Civilian Assembly. Mr. Owusu's party came second, winning 42 seats.

Every indication is that Dr. Limann will win the Presidency Observer's said there would be a bandwagon effect, with many voters wishing to support the man who won the Parliamentary elections.

Philip Bowring examines the dilemma which refugees pose for ASEAN

Indonesia calms S.E. Asia's troubled waters

INDONESIA is again emerging as South-East Asia's regional leader as its partners in the Association of South-East Asian Nations, grow more desperate over the relentless flood of Indo-Chinese refugees across the South China Sea.

As the Geneva conference approaches, it has become evident that it will be Indonesia's measured action, and not the panic-stricken words of its ASEAN neighbours, that will determine the fate of the boat people, and will dictate the region's response to Vietnam's policy of expulsion.

The boats being pushed out of Malaysian waters are heading straight for Indonesia. As a result, the number of refugees coming ashore there has risen from a few thousand at the beginning of the year to more than 50,000 today. At the present rate, Indonesia will soon overtake Hong Kong and Malaysia as the main temporary refuge for boat people.

Despite public announcements of co-operation between Malaysia and Indonesia, there is little indication that Indonesia is actually taking any steps to stop the flow or push away the boats.

The Indonesian Government may well believe that its huge coastline would make it very difficult to prevent the boats arriving. So perhaps it is better to let them come to the sparsely inhabited Annabas Island Group where they can be kept under control and where they are remote enough not to become a major political problem.

Indonesia is at the same time winning kudos in the region as it lifts the problem out of Malaysia's jittery hands. It also wins goodwill overseas for its humanitarian approach.

Indonesia is worried about the possibility of a continuing flood of refugees, but its response has been primarily political. Traditionally, Jakarta has enjoyed closer relations with Hanoi than any ASEAN country. It is suspicious of China, with which it still does not have relations, and has strong latent anti-Chinese ethnic feelings. But there has been a sharp shift of opinion, particularly in the army, against Hanoi.

Blaming the West

This shift was not inevitable, and is not universal. Many still harbour suspicions of all things Chinese. They condemn Vietnam not so much for expelling their Chinese as for the problem this is creating for other countries. By moving more strongly than expected against Hanoi at the political level, Jakarta may have helped keep down the racial pressures at home.

In Malaysia, in contrast, there has been a tendency to blame the problem on the slowness of Western countries in accepting refugees rather than on Hanoi for forcing them out. There is a tendency to blame U.S. and European involvement in the region as the source of the problem. While thas may be correct, it is no excuse.

For Hanoi, the logical consequence of looking for historical causes rather than immediate reasons is that every country in the region should adopt a policy of expelling its Chinese minority. This is a distant spectre, but a real one, particularly for predominantly Chinese Singapore. Singapore's fears have shown by its refusal to accept any refugees. It has urged its ASEAN neighbours to take the hardest possible line against Hanoi and has criticised the West for effectively encouraging the outflow by its generous resettlement policies.

Nothing sums up better the strains of the South-East Asian dilemma than the contrast between Malaysia's almost hysterical demands to the West to take the problem off its hands and Sinapore's attitude that resettlement encourages Hanoi to continue its policy.

The Singapore fear is that if one country can get away with expulsion of Chinese, others may try it too. A time could come when the Chinese ethnic minorities would be forced to look to Singapore as their Israel. Singapore is worried that the refugees are stirring up anti-Chinese feelings in the region and that this is a deliberate policy by Hanoi to destabilise non-Communist South-East Asia.

Most observers see destabilisation, not as Vietnam's primary aim, but as a secondary benefit as it disposes of its Chinese. But the frail racial fabric of the region is clearly illustrated by the fact that ASEAN countries believe a few hundred thousand refugees can destabilise a region of more than 200m people.

The refugees clearly represent a political problem for Malaysia which has a delicate racial balance and where the ruling United Malaysia National Organisation (UMNO) is constantly having to fight the popular appeal of ultra-Moslem groups. However, critics of the Government note that Malaysia's anti-Chinese bias, which is at the root of its policy towards the boat people, contrasts with its hospitality to 100,000 Filipino Moslem refugees and panders to racial animosities.

However much the Malays may dislike the fact, nearly 50 per cent of Malaysia's population is of immigrant origin, 35 per cent Chinese.

The fear in the region of hundreds of millions of Chinese "potential migrants" is real enough, as is fear of Chinese business acumen. Chinese in the region are anxious because the response of Malaysia, in particular, makes it more likely that the Vietnam tragedy will one day be repeated.

There have been suggestions in South-East Asia that China should take the refugees itself because of their ethnic origin. But for governments which have for years worried about Chinese minorities showing more loyalty to Peking than to their adopted countries, to promote the idea now that China is guardian for all Chinese would be dangerous. The other side of the coin of urging Chinese to be loyal to their adopted countries is that those countries treat them as equals, not resident aliens who may some day be removed.

Australian attitudes

Fear of the Chinese is not confined to South-East Asia. Australia's response has shown similar features. Australia is taking proportionately more refugees than the U.S., and absorbing Asians with little difficulty. While Australians accept refugees arriving by Qantas airlines with no complaints, Press and public have responded almost hysterically to boatloads of refugees arriving uninvited in Darwin. This hostile response seems to reflect the old Australian fear of being overwhelmed from the North.

Australia does at least accept refugees for permanent settlement, in contrast with every country in Asia—Japan included. Japan's refusal to accept more than a handful of refugees has attracted only mild criticism from ASEAN which finds some comfort for its own policies in Japan's pursuit of racial homogeneity.

But racial emotion has not carried all before it. Despite its traditional policies, Jakarta has been prepared to recognise that Vietnam represents a more immediate challenge than China. It also recognises that the refugee problem can be handled without hysterics.

If countries attending the Geneva Conference follow the U.S. lead in increasing resettlement opportunities, Jakarta is likely to continue its present policy of allowing boats to land.

Always cautious and slow moving, and with a confidence that comes with size, Indonesia is providing a cushion both for the refugees and for its neighbours. But it is not a cushion that can be taken for granted. If it were withdrawn, the consequences for the refugees would be fearsome.

Vance opens fight for SALT ratification

BY DAVID BUCHAN IN WASHINGTON

THE GREAT debate on the SALT II treaty limiting nuclear arms formally got under way in the U.S. Senate yesterday, with top Administration officials appearing before the Foreign Relations Committee to open their case for ratification.

Indications are that neither the Carter Administration nor its SALT opponents have at present enough committed Senate votes to prevail.

Ratification of the pact is "the only rational path to secure our nation's safety in a nuclear world," Mr. Cyrus Vance, Secretary of State, and the key SALT negotiator for the U.S. told the committee.

Both he and Mr. Harold Brown, defence secretary, sought at once to assure conservatives that SALT II would not weaken U.S. defences.

SALT II would allow the U.S. to modernise each facet of its nuclear panopoly. Specifically, he said, the U.S. would have, despite the overall treaty ceilings on nuclear launchers, a first Trident nuclear submarine by mid-1981 and a first squadron of B-52 bombers armed with cruise missiles by the end of 1982. The treaty permitted the U.S. to develop a new mobile land-based MX missile system.

Mr. Brown, whose key asset to the Administration campaign is that he is seen as tough on defence issues by many Senators, gave his opinion that the U.S. could adequately verify the SALT II provisions without relying on Soviet good faith.

Rejection of the treaty might entail the U.S. in spending an extra \$30bn to match unrestrained Soviet arms build-up.

These arguments by the Administration have already been rehearsed in public, and the Senators are unlikely to hear much that is startlingly new until Mr. Brown and other top brass go into classified details in closed hearings.

The Foreign Relations Committee, and subsequently the Comitees on Armed Services and on Intelligence, will hold these into August.

A final vote by the full Senate is not expected until November at the earliest. A two-thirds majority, or 67 votes out of 100, is needed for approval by the Senate, which by the Constitution, must approve treaties.

By an unofficial Democratic Party head count, 58 Senators at present favour ratification, 30 oppose the treaty, and 12 are undecided.

Yesterday's hearings in the Senate Caucus Room—scene of the more gripping Watergate hearings a few years ago—began in considerable pomp and with much Press interest and TV and radio coverage.

But the issue may well pall before the end of the summer, with the American public, more concerned with where it can get its next gallon of petrol.

Senator Frank Church, Foreign Relations Committee chairman, hoped the two concerns would not be mutually exclusive. Indeed, I suspect quite a number of Americans will be listening to these hearings as they inch forward in those interminable gas lines," he said yesterday.

Mr. Church said the Senate would "not be swayed by cajolery or attempted intimidation, either from our own executives or those of the Soviet Union, who say that the treaty as delivered is sacrosanct."

This was a reference to warnings from both the Carter Administration and the Kremlin that Senate amendments to the treaty, which required extensive renegotiation between the two superpowers, would kill it, after it had taken nearly seven years to negotiate.

Recent statements by Mr. Andrei Gromyko, Soviet Foreign Minister, that his country would accept no deviation from the SALT II pact as it was signed between President's Carter and Brezhnev in Vienna last month, have proved somewhat counterproductive among Senators.

But Senator Robert Byrd, Senate Democratic leader, said over the weekend that in talks he had had with President Brezhnev, the Soviet leader showed some flexibility.

The SALT debate "will be more than just a duel between the Administration and its Cold War criticis," Senator George McGovern, a liberal Foreign Relations Committee member, said yesterday.

Congressmen go to Camp David

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

MORE THAN three dozen U.S. Congressmen yesterday joined the trek to the Presidential retreat at Camp David to help President Carter formulate new economic and energy policy initiatives.

No definitive word has yet come on what the President will propose or when he will go to the country with his message.

In weekend speeches to the National Governors Conference in Kentucky, both Vice-President Mondale and Mr. Stuart Eizenstat, the influential domestic affairs counsellor, repeated that a major programme to develop synthetic fuels would be an integral part of the energy initiative.

But the full shape of the package, particularly insofar as it involves macro-economic policy divisions, remains a closely-kept secret.

Inevitably, speculation has been rampant, though almost every participant from Government, industry, the social sector, and Congress who has been to Camp David, has emphasised that the President has been canvassing ideas rather than pre-selling solutions.

Senator Robert Byrd, the Democrat majority leader, said on his return yesterday that there was agreement on the need for "a team effort between the nation's leadership and people" on what he described as "a well-outlined and well articulated" programme.

However, the Republican congressional leadership appeared annoyed yesterday that they had not been invited to join the discussions, though Republican members of the Senate Energy Committee had taken part.

Senator Howard Baker, the minority leader and undeclared Presidential candidate acidly commented: "I take it the President is not interested in having the Republican leadership take part in the formulation of energy legislation."

By consensus, the Camp David domestic summit has emerged as a critical turning point for the future of the Carter Presidency.

Just about every commentator has weighed in with the observation that Mr. Carter's own political future will be bleak if he does not come up with acceptable answers to the national dilemma.

The Boston Globe, appeared yesterday with a front-page editorial describing Mr. Carter as a "disaster" on energy, only mitigated by the fact that the Congressional record over the last decade had been worse.

Mr. Carter did gain some consolation from the Governors' conference when 20 of the 24 Democratic Governors present passed a resolution supporting him in next year's election campaign.

Castro attacks Cuban inefficiency

HAVANA — President Fidel Castro has sharply attacked deficiencies in Cuba's administrative system, blaming all sections of society for standards of efficiency and discipline which, he said, compared unfavourably with capitalist states.

In a speech to the country's National Assembly, General Castro said failings pinpointed in an assembly report on the island's transport network, which had led to a grave deterioration in the quality of these services, could also be found in the educational system, the health organisation, restaurants and other services.

"They are the deficiencies of our system, of our socialism," he said in his speech at the weekend. "The blame lies in all our cadres. It is the fault of our administrators, of our political workers, of our trade union members, of our press, of our education.

"Perhaps we have been too idealistic and our own labour legislation is bad, and our own system of labour justice is bad," General Castro said.

Fidel Castro: "faults of the system"

Capitalism, with all its abuses, was able to impose labour discipline, and Cuba had to find methods to do the same, the President said. Cuba had to analyse its law and the attitudes of workers in an effort to find a solution to its problems.

General Castro did not offer specific solutions, but he repeated that workers and unions had to be more demanding of Administrations, a constant theme in recent months.

Cuba is introducing a "pseudo-capitalist" form of management of its economy, in which independent state firms will be expected to make profits. However, among the problems this has met have been poor standards of management.

The National Assembly report on transport questioned wage systems which it said did not provide proper incentives for efficiency. Only about 30 per cent of trains ran on time, while there was high absenteeism and lack of quality control in the railway repair workshops, it said. In aviation the training of aircrew and mechanics had failed to keep pace with the introduction of new equipment.

Transport administration systems lacked controls and mehods for analysing problems. These failings arose despite major Government efforts to improve transport through more trains and buses, the report said. Some \$750m had been invested in transport in the last two years, more than half on new equipment.

Reuter

Sandinistas resist plans to keep on Somoza men

BY HUGH O'SHAUGHNESSY,

U.S. PLANS to have associates of President Anastasio Somoza of Nicaragua included in any post-Somoza Government are being fiercely resisted by the Sandinista guerrilla movement and other anti-Somoza forces as rumours grow that the President is shortly to withdraw.

According to Sandinista sources quoted by Reuters, the U.S. is seeking to persuade the five-person provisional government to accept General Julio Gutierrez, a National Guard officer who commanded the Nicaraguan detachment during the military intervention in the Dominican Republic in 1965, in the provisional government.

General Gutierrez is currently Nicaraguan Ambassador in Tokyo. According to the same sources, the U.S. is also pressing for Sr. Ernesto Fernandez Hollman, finance secretary of General Somoza's Nationalist Liberal Party, to be included. One of the closest advisers of General Somoza, Sr. Fernandez has had control of party funds, which include a forced levy on the salaries of all public servants.

In return for the inclusion of these two pro-Somoza figures in the provisional government, the U.S. is reported to be promising large quantities of aid for the reconstruction of Nicaragua after the impending departure of General Somoza.

There is also disagreement between Washington and the Sandinistas about the future of the National Guard, which the U.S. wants to retain and which the Sandinistas and their allies want to disband.

Meanwhile controversy surrounds the continuing supply of arms to the Somoza forces. After accusations by Sr. Luis Yanez of the Spanish Socialist Party, PSOE, to the effect that Spain was still supplying arms to the Nicaraguan regime, an official spokesman in Madrid said that no Spanish arms had been sent to Nicaragua for 18 months. This follows statements from the Israeli Government that a consignment of Israeli arms bound for the Government had been ordered back on the high seas.

Costa Rica stays calm next door to chaos

By Hugh O'Shaughnessy, recently in San Jose

FEW MORE startling contrasts occur than between the everyday death and destruction in the streets of war-torn Managua, the Nicaraguan capital, and the atmosphere of gentility in San Jose, capital of neighbouring Costa Rica.

While the Nicaraguans suffer, the Tico, as the Costa Ricans are universally known in Central America, are taking life gently and easily, as has been their custom for decades.

While Nicaraguan economists worry whether they will have an economy to study if General Somoza does not quit in the next few days, the Ticos are rubbing their hands at the prospect of another coffee boom such as that which pumped hundreds of millions of pounds into their economy a few years ago.

With frosts in Brazil, political troubles in Africa and outbreaks of coffee diseases in several countries of South America, the coffee growers in Costa Rica are trying to guess how much more money they will make this year than last.

In the northern province of Guanacaste, on whose borders the Sandinista guerrillas and Gen. Somoza's National Guard are fighting, ranch-owners are worried lest the conflict spill over from Nicaragua into Costa Rica.

Their worry is overlain with hope that the chaos in Nicaragua will mean that their quota for beef exports to the U.S. will be increased, as the Nicaraguans are increasingly unable to fulfil theirs. This year, Nicaragua was allocated a quota of 64.1m lbs against Costa Rica's 70.2m.

Costa Ricans support the Sandinista guerrillas almost to a man.

Enjoying a tradition of effective parliamentary democracy and freedom of speech, together with the highest standard of living in Central America, the Ticos have applauded the decision of the Right-of-Centre government of President Rodrigo Carazo compulsorily to purchase the estates of Gen. Somoza in Costa Rica.

Last year the 16,000 hectare El Murceilago (The Bat) ranch belonging to Gen. Somoza was taken over at a price of \$1.6m and about a quarter of it shared out in small plots to peasant families.

The Ticos have never forgotten the time in 1948 when the present Nicaraguan dictator's father took advantage of the decision to disband the Costa Rican Army and invaded a strip of Northern Costa Rica including the town of La Cruz.

Having broken diplomatic relations with the Somozan régime, the Carazo Government is giving quiet but effective help to the anti-Somoza forces while maintaining an outward show of non-involvement.

At many points in San Jose, young people station themselves at traffic lights collecting funds for Red Cross assistance to Nicaragua. Few motorists, even those in the most luxurious cars, refuse them a coin.

While Gen. Somoza wonders how to stave off national bankruptcy, President Carazo is wrestling with the problems of the large-scale development of aluminium smelting in Costa Rica.

Martin Marietta, the U.S. company, is negotiating the terms under which it would install a \$900m smelter at Limon, on the Caribbean coast. Under discussion are the price at which power would be supplied by ICE, the State power corporation from the Boruca hydro-electric scheme, and the taxation régime.

If the scheme comes to fruition, it will be the biggest event in Costa Rica since Mr. Robert Vesco, the U.S. financier was chased out of the country by President Carazo last year.

Though Mr. Vesco has been forced out, many U.S. citizens have settled in Costa Rica. The régime allow those with a modest minimum private income to enjoy advantageous tax rates. Indeed, Costa Rica might be compared to a tropical Guernsey.

With just a hint of smugness, the Ticos blame a recent wave of burglaries on the Nicaraguan refugees who have taken refuge in the calm and welcoming city.

But smug or not, the Costa Ricans have given invaluable help to the Sandinistas which many Sandinistas swear they will never forget.

China spells out joint venture rules

BY JOHN HOFFMANN IN PEKING

CHINA has published and put into effect its first law on joint ventures covering Chinese and foreign investment in the country.

The law, which went into effect this week, opens the way for direct foreign participation in Chinese industrial development.

The law spells out, although sometimes in terms that business lawyers will consider too vague, provisions on management control, taxation and profit distribution, and defines the protection afforded to foreign investments by the Chinese Government.

One significant omission from the code, an unofficial translation of which was published by the New China News Agency, is the absence of a specified upper limit on foreign participation.

It provides that foreign participants in a joint venture should generally contribute no less than 25 per cent of the registered capital in "cash, capital goods, industrial property rights and so on." Diplomatic observers believe China will continue to insist on a majority holding in joint ventures but they are puzzled by the code's failure to make this point.

The Chinese contribution to a joint venture may include the right to occupy a site provided by the Government. When a site does not constitute part of the Chinese investment, the joint venture will pay the Chinese Government for its use.

The code also neglects to make specific provision for the repatriation of foreign resources in the event of a joint venture being wound up, although it says that foreign assets and profits will be protected by Chinese law.

The Chinese Foreign Investment Commission, now being set up, will oversee all joint venture arrangements. The new law requires the authorisation by the Commission of joint venture proposals, and guarantees approval or rejection within three months of a proposal by the parties.

On approval, the joint venture is authorised to start operations as a limited liability company.

Each joint enterprise will be run by a board of directors headed by a Chinese-appointed chairman. Foreign participants will be permitted to appoint one or two vice-chairmen. The Board will be empowered to decide on production and expansion programmes, distribution of profits, manpower and wages policy and managerial appointments.

Disputes between parties to a joint venture, if not settled by the board, may go for arbitration before a body in China "or by an arbitration body agreed upon by the parties."

Profits, risks and losses will be shared by the parties in proportion to their contributions to the registered capital. Gross profits will be taxed "pursuant to the tax laws of the People's Republic of China." After deductions for development and welfare funds, a foreigner's share of net profits may be remitted abroad in currencies stipulated in the joint venture documents.

Taxation provisions in the law will encourage high-technology input by foreign participants and the re-investment of profits. Highly advanced enterprises may apply for tax exemptions in the first two or three profit-making years. Foreigners who re-invest profits in China may also seek tax rebates.

Joint ventures will be obliged to carry insurance furnished by Chinese insurance companies and to operate accounts with the Bank of China or with banks approved by the Bank of China. They will be free to obtain funds directly from foreign banks.

In purchasing raw and semi-processed materials, fuels and auxiliary equipment, joint ventures will be expected to give priority to Chinese sources, although they may also acquire them direct from world markets using the ventures' own foreign exchange funds.

The ventures will be encouraged to market products outside China, either directly or through Chinese foreign trade agencies. The law provides that products may also be distributed on the Chinese market.

The wording of the code suggests that all joint ventures will be subject to limited terms of operation. A "contract period" is to be agreed by the parties and may be extended with the approval of the foreign investment commission. Applications for extension will require six months' notice.

Premature termination of a joint venture contract, also with the approval of the Foreign Investment Commission, could follow heavy losses or the failure of a party to meet contractual obligations. Losses caused by contractual breach will have to be borne by the defaulting party.

Risks and rewards, Page 22

Philippines pacts signed

THE PHILIPPINES and China have signed a series of bilateral pacts covering trade, aviation and culture.

The signings took place during the visit to China this week of Sra. Imelda Marcos, wife of Sr. Ferdinand Marcos, the President of The Philippines. Sra. Marcos and Mr. Li Xiannian, the Chinese Vice-Premier, signed a pact providing for \$2bn (£985m) worth of trade between the two countries over seven years.

Under the aviation agreement direct air services between Peking and Manila will be established. The two countries also signed a memorandum of understanding on the construction in China of tourist hotels.

Boost for W. Germany following agreement

BY GUY HAWTIN IN FRANKFURT

THE WEST GERMAN Government has concluded an agreement with China which could give its industry an important lead over its international competitors for Chinese orders for Western technology.

It was announced by the federal German Economics Ministry that a co-operative agreement on geological science and industrial raw materials has been signed between the two countries. The accord signed on June 19, envisages the use of West German expertise to exploit China's vast deposits of raw materials.

Under terms of the agreement Chinese scientists will be trained in West Germany, and the Germans will help develop China's mineral reserves. It is intended that the Chinese deliver raw materials to the federal republic in exchange for technology and industrial equipment.

The importance the Chinese attach to the agreement was emphasised by the fact the leading Chinese signatory to the agreement was Vice-Premier Fang Yi.

According to a West German Economics Ministry statement, China is expected to become a major supplier of raw materials to the federal republic. It is seen as a source of oil, coal, manganese, wolfram, antimony and vanadium.

At the same time West German companies are seen as landing substantial orders for capital equipment for the Chinese coal mining industry and the raw materials processing industries.

In early January it was announced that Lurgi/Gesellschaften, the engineering and plant construction group, had secured contracts worth \$810m (£390m) worth of orders in China.

Lurgi could well have been West Germany's spearhead into the Chinese market. It is an engineering company which has always had a strong emphasis on technological development. Its parent is the giant Metallgesellschaft, the metals, engineering, transport and trading group.

French, Germans in Sasol deals

BY QUENTIN PEEL IN JOHANNESBURG

THE LION'S share of supply contracts for South Africa's R3.2bn (£1.9bn) extension of the Sasol oil-from-coal scheme has been won by French and German contractors already working on the project, apart from the principal management contract won by Fluor Corporation of the U.S.

Hermes and Cofas, the West German and French export credit guarantee agencies, have insured all the export credits required. It is also understood that Japanese contractors have won a significant share in the project, but no details have been released.

Principal West German contractors are Linde for cooling systems, Deutsche Babcock for boilers, Lurgi for the design contract, Demag Mannesmann for heavy transport equipment, and KSB for water pumps.

According to Mr. Chris Heunis, the South African Transport Minister, the Sasol extension, on top of the original Sasol 1 plant, and the Sasol 2 scheme nearing completion, will bring synthetic fuel production to 47 per cent of South Africa's present petrol and diesel consumption.

It will also provide a vital buffer against the future threat of oil sanctions.

Main French contractors are Air Liquide for oxygen plant, Spie Batignolles for civil engineering, Dresser-France for compressors, and Heurtey for furnaces.

British participation in the project — the largest industrial construction project undertaken in South Africa — is relatively insignificant.

The biggest British contracts on the present Sasol 2 scheme, which are expected to be repeated for Sasol 3, are R7m worth of fired heaters, and R4m-R5m worth of pumps.

Abu Dhabi promises gas to Dubai

By Kathleen Bishtawi in Dubai

ABU DHABI has given a pledge to Sheikh Rashid, Prime Minister of the United Arab Emirates and Ruler of Dubai, that it will provide all the gas needed for Dubai's industry.

Political difficulties between the two emirates in the past have obliged Dubai to look elsewhere for gas, despite the fact that Abu Dhabi is fabulously rich in the resource.

The gas is needed to supply the \$1.3bn aluminium smelter which is under construction in Jebel Ali. Existing supplies in Dubai are not enough to meet the smelter's needs and supply of gas had been a nagging question hanging over the project since its inception.

\$220m order for GE

General Electric, the U.S. electrical engineering giant, yesterday announced a \$220m order for gas turbines from Saudi Arabia, David Lascelles reports from New York. The company said the order to supply the Riyadh Electric Company with 16 gas turbines and related equipment to generate power for the Saudi capital was one of the largest it had ever received.

Sweden protests over U.S. steel quotas

BY WILLIAM DULLFORCE IN STOCKHOLM

SWEDISH SPECIAL steel manufacturers have been severely hit by President Jimmy Carter's decision to prolong the quota system for imports to the U.S. and to declare global quotas for alloy tool steels and stainless steel bars.

The Swedish Embassy in Washington has appealed strongly to Mr. Carter's Special Trade Representative ot reverse the decision seen in Stockholm as a major bureaucratic error.

Of the 4,100-ton quota for U.S. imports of tool steels during the two-month period beginning June 14 Swedish companies secured only 150 tons, whereas their normal share would have entitled them to 1,600 tons.

The problem arises from the Swedish companies' method of organising their exports to the U.S. Unlike the EEC and Japanese suppliers they do not keep stocks in U.S. bonded warehouses.

Instead when U.S. import restrictions were introduced in 1976 the Swedish special steel makers sought official export controls to ensure that their share of the U.S. quotas was fairly divided among them. This system allowed the Swedes to plan production more smoothly and, they claim, occasioned less disturbance of the U.S. market.

Rupert Cornwell reports from Rome that the energy crisis had led to a renaissance for Italy's state hydrocarbons agency

ENI enters world oil politics

A MARVELLOUS instrument working for Italy is how Sig. Carlo Sarchi, international director of Ente Nazionale Idrocarburi (ENI), unabashedly describes the country's state hydrocarbons agency.

Within Italy, in fact, ENI, has not always been seen in so flattering a light. In recent years it has often seemed only one of the key pieces in the giant chess game of politico-industrial patronage and intrigue, and, indeed, was a contestant in the so-called "chemicals war" of the late 1960s and early 1970s, of which Italy is now reaping the bitter harvest.

But the world energy squeeze has suddenly pushed the Group back towards its old role in international oil politics, the one conceived by its founder, Sig. Enrico Mattei, 20 years ago—the first of a new breed of oil companies—set up as arms of the Government which controlled them, and which inevitably moved into conflict with the majors that did, and still do, dominate the world oil market.

In the last few months the failure of the Government to curb the country's consumption in the face of soaring prices and curtailed supplies has been balanced by the activity of the Group in prospecting and securing sources of crude.

Between January and May this year, consumption of every type of petroleum product in Italy has risen. Italians have used 10 per cent more petrol, 18 per cent more diesel fuel, and 6 per cent more fuel oil.

ENI, on the other hand, has secured a deal that should bring an extra 12.5m tons of oil to Italy over the next 2½ years from Saudi Arabia, by-passing the major oil multinationals, and it has won agreements for an additional 3m tons in all from Libya and Iraq in 1979.

Sig. Giorgio Mazzanti, as the ENI president, was among the first representatives of a Western oil company to see the new rulers of Iran after the overthrow of the Shah and the eviction of the former Western consortium. The Group hopes to win a medium-term agreement once things has quieted down there. He has also been to Mexico, and at the end of June ENI signed a far-reaching production-sharing exploration and development deal with South Yemen.

To Italy's Western partners the combination may seem irritating — a central Government that pleads chronic political uncertainty as an excuse for doing little, and a state oil group firmly embarked on the controversial course Sig. Mattei pioneered.

Sig. Sarchi sees matters differently:

"We were faced with a 10 per cent drop of crude deliveries almost overnight. How can you suddenly bring in an energy saving programme to cover that kind of shortfall?"

Sig. Sarchi and other top ENI men have been sharply critical of the efforts of the industrialised nations to tackle jointly the energy crisis.

He describes the IEA, the main vehicle of such co-operation since 1973, as having "almost completely failed" in its functions of implementing an an oil-sharing policy, and ensuring the "transparency" of oil prices.

In fact, such utterances are part of a coherent philosophy on the part of ENI.

That philosophy, dating back to the days of Sig. Mattei, coupled with Italy's geographic position between producing and consuming nations, has made ENI an ardent proponent of a dialogue between OPEC and the West. Indeed, ENI points out that it alone among companies was invited to the latest OPEC energy conference.

The company's strength, as Sig. Sarchi would have it, is moral as well as based on size. ENI's own crude entitlements are around 17-18m tons a year, equivalent to a similar percentage of Italian needs. With the help of oil bought in from other sources, ENI's share of the domestic market is between 35 and 40 per cent.

In effect, ENI has a firm policy of offering substantial technological and industrial help in return for oil deals, and it is aided by the fact that the company is involved in chemicals, petrochemicals, engineering and other sectors.

This kind of exchange was apparently explored in the conversations with the Mexicans and is likely to play a key part in further dealings with Libya. The example that Sig. Sacchi is especially fond of citing is the project to bring Algerian natural gas to Italy. It is the technology of Saipem, the pipeline subsidiary of the group, which is facilitating the laying of a pipeline some 1,900 ft under the Sicilian Channel, the deepest-ever such venture.

Underpinning this strategy is the belief that the role of the state oil groups owned by consumer nations is bound to increase.

As Sig. Sacchi told a largely Arab audience recently, the State-controlled companies like ENI, although ideally suited to an important role in the international oil dialogue between producers and consumers, have so far been too little in evidence.

If recent events are a guide, ENI will be pressing to put this omission right.

هكذامن الأحل

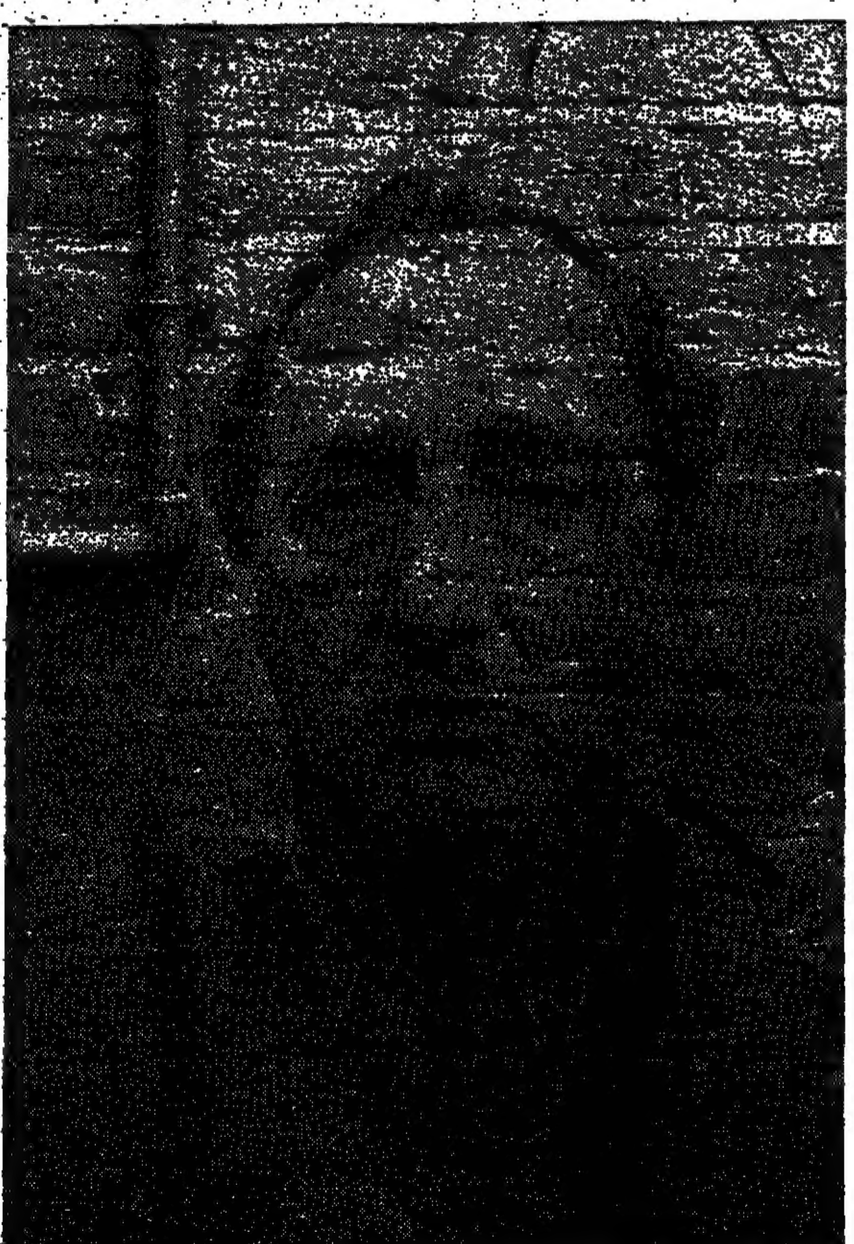
هكذا صفن الاصل

At around 90°F, workers evaporate.

65°F. He's okay.

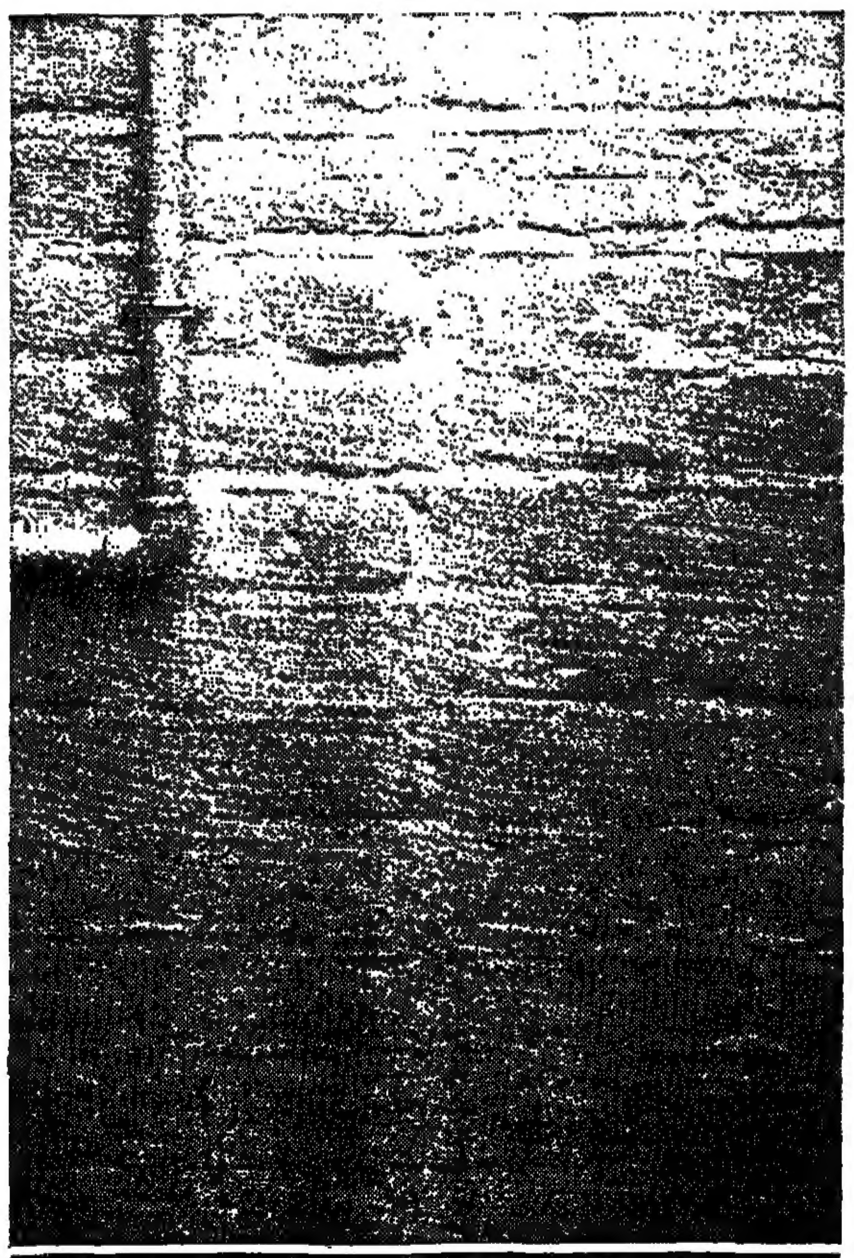
72°F. He's feeling warm.

78°F. He's hot and bothered.



80°F. He can't concentrate.

85°F. He's fading fast.



90°F. He's disappeared.

It's a sad fact of life that the 'disappearing workers' actually exist in large numbers throughout industry.

If you're in any doubt, try spending an hour or two on the factory floor one sunny afternoon.

Chances are, you'll find that a number of employees aren't to be seen. Of those who are, many will be present in body, but not in spirit.

The reason will hit you full blast the moment you step in the door. It is, quite simply, the hot, sweltering atmosphere caused by bad ventilation.

Overheating and bad ventilation cause productivity to drop like a stone, accident figures to soar, labour relations to sour, and quality control to go out of the window.

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Perkins go-ahead for diesel car engine

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

PERKINS ENGINE has decided to go ahead with development of a high-speed, light diesel engine which would have wide-spread application in cars and *light* vans.

The decision has been taken to meet the expected worldwide demand for diesel-engind cars because of the fuel economy advan*tages diesel engines* have over existing petrol engines.

Mr. Michael Hoffman, Perkins chairman, says the company will be seeking a tie-up with a big *manufacturer at a later stage*. Such a link is increasingly *necessary* for independent engine manufacturers so as to meet the high costs of tooling-up for a new engine line.

Perkins has this link for its agricultural equipment engines with its parent company, Massey-Ferguson.

The decision to develop an engine for cars and light vans comes nearly two years after a decision to abandon such a project, on the ground that motor manufacturers were more likely to opt for converted petrol engines.

The earlier *programme* was costed at £30m, but the company says that the present programme, which has been running for about 18 months, is at too early a stage for costings to be meaningful.

The only other venture by Perkins into diesel-engined cars was 10 years ago, when it provided a four-cylinder engine for the Russian-made Moskovitch.

Mr. Hoffman says that his company *plans* to discuss the possibility of a tie-up with a manufacturer "in any part of the world." As well as helping with start-up costs, the manufacturer would agree to take a proportion of production.

That proportion would have to be about 40 per cent to ensure that the engine goes into high-volume production, Mr. Hoffman says.

Diesel-engined cars now form only a small part of UK car sales, although a higher proportion is produced on the Continent and in the U.S. British Leyland is said to be working on *a diesel-engined car which is due* to be launched in the middle of this year, but the programme appears to have been delayed.

Perkins' decision to go ahead with the diesel car engine answers one question over the company's future development. In its recent report on the company, the Price Commission expressed concern that it had not committed itself to a car and light van diesel engine.

Massey-Ferguson has been making big losses and has not been in a position to provide development finance to Perkins.

The group's latest results show *it to have* made some recovery, and part of the finance could also be raised if Massey-Ferguson is successful in its declared intention of finding a buyer for a minority share in Perkins.

House prices up 7.7% in second quarter, says Abbey National

BY MICHAEL CASSELL

THE SHARPLY RISING trend in house prices was confirmed yesterday by figures from another big building society.

Abbey National said that average prices rose by 7.7 per cent in the second quarter of 1979, compared with last week's 8 per cent calculation by Nationwide.

According to Abbey National, prices in general have increased by 15 per cent in the first half of the year, taking the average price of a *home to just over* £21,000, more than a third higher than 12 months before.

Since the second half of 1977, said the Abbey report, house prices had been aimed at restoring the balance with real earnings, and could be expected to keep rising until this was achieved.

An official said: "If the rate of increase in earnings is slowing down, then there is every possibility during the next six months that the rate of increase in house prices will reduce and prices will become more stable."

Abbey emphasised that house prices had continued to rise *steadily in a period when mort*gage funds in real terms were declining—an attempt by the society to reject suggestions that high building society lending is responsible for rocketing house prices.

According to the society, the GLC area and the South-East *generally remain the most* expensive housing areas.

Average prices are between £25,000 and £26,000, more than £4,000 above the national *average. Post-1919 detached* houses in the GLC area are, according to Abbey, the most expensive property category, averaging over £51,000.

The cheapest housing area is Yorkshire and Humberside, where average house prices stand at about £14,500.

NEB £300,000 for scanner company

BY MAX WILKINSON

THE *NATIONAL* Enterprise Board is to invest £300,000 for a 28 per cent share in Sonicaid, a private company which makes ultrasonic medical equipment.

Sonicaid, which made a £100,000 loss last year on sales of £3.1m, manufactures diagnostic equipment used for obstetrics and monitoring heart *complaints*.

The company was founded in 1963 by Mr. Ronald Cowan, a retired Naval engineer officer. It became a pioneer in the use of Doppler ultrasound techniques for measuring the heart beat of a foetus.

The company over-reached its resources, however, when it attempted to develop a body scanner based on analysis of ultra-sound waves passing through the body. Most body scanners at present depend on computer analysis of X-ray signals.

Sonicaid spent £1m attempting to develop its scanner before being forced to withdraw.

The company at present employs 250 people at its plants in West Sussex, Livingstone, *West Lothian, and in Fredericks*burg, Virginia.

When the agreement with the NEB is completed at the end of the month, Barclays Merchant Bank, *an existing shareholder*, will own 28 per cent of the equity, the NEB will have 28 per cent and Mr. Cowan will hold 32 per cent.

The NEBs investment does not appear to herald any plans for rationalising the medical electronics sector, although it will have substantial holdings in three companies in the field including Cambridge Instruments.

About 70 per cent of Sonicaid's sales have been to overseas customers, although last year sales to the home market represented a higher than usual proportion. It is one of about a dozen companies in the world which has the type of Doppler ultrasonic technology which can be used in the medical field.

Mr. Cowan said he had been in negotiation with several private sector sources of capital before agreement was reached with the NEB. The NEB undertook to support the company before the General Election.

Oil prices help UK chipboard recovery

By Ray Perman, Scottish Correspondent

THE UK CHIPBOARD industry *brought near to collapse* a year ago by a slump in demand and competition from low price imports, is making a recovery partly because of the rise in oil prices.

British manufacturers have been fighting a slow war through the European Commission and other channels against dumping which has been pricing UK-made board out of the domestic market.

But oil price rises have meant that imported boards, which have to be transported further, have increased in price more than those produced in Britain, giving the UK industry a price advantage for the first time in several years. Foreign producers who have regarded the UK as an outlet for marginal production to be supplied at or near cost, have been unable to absorb the additional fuel and *transport* costs.

The British Wood Chipboard Manufacturers Association said yesterday that the oil crisis offered the UK industry the *possibility of levering itself out* of the depression of the last four years, and of taking advantage of increased demand expected from the construction and furniture industries.

Sales

Trade figures for the first quarter of 1979 indicate rather *surprisingly that the British in*dustry has benefited from the severe winter weather and the haulage strike, which hit importers harder than home pro*ducers*.

The total market was slightly down on the same period in 1978, but UK manufacturers increased their sales by 45 per cent *from 105,000 cubic metres* to 152,000.

Imports fell by 16 per cent from 324,000 cubic metres to 273,000.

The association added: "Another factor which will undoubtedly benefit home producers is the reported reduction in wood availability in Europe, and the *projected shortage of* raw materials for chipboard manufacture. This is sufficiently serious to warrant a number of large companies considering limiting production rather than being forced to meet uneconomic, unrealistic wood prices.

"The emphasis is now on viable returns from limited production, rather than utilising capacity at all costs."

Local councils list proposals on spending cuts

BY PAUL TAYLOR

THE GOVERNMENT is to consider a wide-ranging series of *proposals* by local authorities to end some services and increase charges for others as part of its local government cost-cutting exercise. Among the proposals are council powers to end free school milk, to impose charges for planning applications and to charge parents for nursery education.

The proposals, contained in a document prepared by the Association of County Councils and presented yesterday to ministers at a meeting of the Consultative Council on Local Government *Finance*, are designed to ease the growing burden of statutory controls over local authorities.

The meeting yesterday—the *first of many* before Government announces its rate support grant settlement to local authorities in November—was primarily concerned with papers, presented at the Government's request on the effect of cuts in local government spending in 1980/81 of between 2.5 and 7 per cent.

Mr. Tom King, Local Government Minister, said after the meeting that the association's proposals would be carefully considered in the light of the need for *spending cuts*, but that some of the proposals involved "very fundamental" issues and that other forms of economy would also have to be sought.

Mr. King stressed that the overall objective was to reduce the public sector borrowing requirement. The county councils' proposals would have to be examined alongside the papers prepared on the effect of cuts of up to 7 per cent below the expenditure levels allowed for in 1980-81 by the Public Expenditure Survey Committee.

"It would be "remarkable" if all the proposals made by the county councils were accepted. There was still room for economies in the local government sector.

Local authorities have complained for some time about the cost effects of statutory controls and faced with the full effects of the Government's proposals for spending cuts in 1980/81 many authorities would clearly like to have more discretion about charging arrangements.

After the meeting yesterday Sir Duncan Lock, chairman of the Association of District Councils, said he did not feel there was room for further economies. He favoured relaxation of controls over charges.

The Association of Metropolitan Authorities took a more cautious approach. Mr. Tom Caulcott, the association's secretary said the association agreed that the proposals should be considered but no action should be taken "without careful consideration of all the implications."

Skipper blamed for loss of trawler, inquiry told

FINANCIAL TIMES REPORTER

WATER POURING into the hold during fish loading caused a *trawler to sink with the loss of* five lives, a formal investigation was told yesterday at Great Yarmouth.

The stern trawler Boston Sea Ranger, *of Yarmouth, went* down early on December 5, 1977, five miles off Land's End.

Mr. George Beattie, for the Department of Trade, accused Mr. Ian Lace, of Lowestoft, skipper of the Boston Sea Ranger, of not following instructions. Mr. Lace, was one of the three survivors.

Mr. Beattie: "The view of those instructing me at present is that the principal cause of the loss of the Boston Sea Ranger was the failure of Mr. Lace to appreciate what was happening to the buoyancy of the vessel.

'Experience'

"He should have been aware from his experience as a skipper and the course that he took when he qualified for his licence that the more water one adds to a floating vessel the easier it becomes for seas to get on board and sweep up the trawl deck.

"As the evidence stands at present the Department makes no criticism of the owners of the vessel. It appears that she was well-founded, that she did have on board stability data in a form which the skipper ought *to have* understood and that the skipper had instructions from which, had they been followed, would have been sufficient to avoid the casualty.

"Had the skipper followed the instructions he had been given not to use the aft part of the fish room, to keep the double bottom fuel tanks empty and to ensure that the longitudinal partitions were built up in the fish hold, the probability is that this casualty would not have occurred.

'Too late'

"What was done was too little and too late, and skipper Lace did not realise what was happening as he continued fishing on that night."

Mr. Beattie told the inquiry that no specific recommendations were being made by the Department.

Mr. Geoffrey Kinley, for Mr. Lace, told the inquiry: "My client does not accept any of the criticisms which have been voiced of him." The criticisms were "entirely in dispute." It will be my client's intention to try to persuade the court to see this whole matter in context." The investigation was adjourned until today.

Overseas insurance earnings warning

By John Moore

OVERSEAS EARNINGS of the British insurance industry for 1978 may well exceed the record £909m earned in 1977.

But increasing competition worldwide, protectionist tendencies in some parts, and indications of many areas of worsening claims experience make the results for 1979 more uncertain.

The warning is made in the annual report on insurance business published by the Department of Trade.

The report reveals that 279 applications were made during the year by insurance companies to underwrite general insurance business. Of those, 39 came from companies already authorised to carry on one or more classes of business in the UK, and 240 were from companies not previously authorised for any class of insurance.

Of the 240, 171 were companies with head offices in the UK, 68 were companies with head offices elsewhere in the EEC and one had its head office in another overseas country.

The *department's* powers for intervention and supervision were used only five times in 1978, compared with 27 in 1977.

Some 34 *companies* were *persuaded* to take remedial action without the use of statutory powers in 1978, against 48 in 1977.

Insurance Business Annual Report. The Department of Trade. HMSO, £2 net.

BL Cars tests engines with secret lasers

EQUIPMENT WORTH £100,000 and supplied byl Harwell Atomic Research Establishment is being used in secret laser research by BL cars.

Jaguar Rover Triumph, the specialist car company which already earns £454m a year overseas, is using the lasers to show how engine fuel and exhaust gases behave during combustion.

Its purcose is to reduce exhaust pollutants and cut fuel consumption — issues vital to the future of the firm.

For Jaguar Rover Triumph is one of Britain's leading exporters, with more than half its prestige saloon and sports cars sold abroad. But other countries, especially the U.S., introduce new emission and fuel economy laws every year.

So company engineers are following the latest experiment with keen interest. Fndings could result in the design of more efficient engines for the entire BL range and should help to increase exports in the 1980s.

Harwell also provides scientific know-how. As the company is pioneering tests of this kind research details are a closely guarded secret, but a description of the equipment being used does give some idea of the nature of the operation.

Lasers are beamed through a one-inch thick quartz glass window in the top of a single cylinder engine while it is firing.

Although combustion takes *place in one-thousandth of a* second—faster than the human eye can blink—the highly accurate lasers can build up a picture of the movement and behaviour of air and fuel and exhaust gases throughout the cycle.

At the same time, a high-speed cine camera, which uses 10,000 frames or 100 feet of film a second, freezes flame action during ignition.

The engine can be braked to simulate all speeds and loads likely to be experienced in a car. The results, which are analysed by computer, show engineers how to modify engines for better fuel economy and cleaner exhaust gases.

Ferranti plant bought by pipe company

By James McDonald

E. PASS of Denton, Manchester, manufacturers of underpressure fittings and machines for pipelines, has bought, for an undisclosed sum, the Ferranti foundry at Hollinwood, Lancashire.

Neither company last night would discuss the purchase price of the foundry, which employs 75 people.

E. Pass says that the Ferranti acquisition will enable the company to increase its "in house" *manufacturing capability to* meet higher world demand from the pipeline industry.

Number of alcoholics rising

Financial Times Reporter

THE NUMBER of alcoholics in England and Wales has trebled to an estimated 600,000 in the past 20 years, says Mr. Derek Rutherford, director of the National Council on Alcoholism, in its annual report today.

The council calls *for more* spending on public health programmes to combat alcoholism, and urges the Government not to relax drinking laws.

Other measures it calls for include a request that Government "maintains a reasonably constant relationship between the price of alcohol and levels of disposable income."

It says that there has been an 80 per cent increase in drunken offenders, a 50 per cent rise in deaths from cirrhosis of the liver and a threefold increase in consumption of wine in the past 20 years.

Mr. Rutherford says: "There is clear evidence that if the consumption of alcohol continues to rise we will be soon in the grip of an endemic disorder of frightening magnitude."

Oil-price rise 'could bring new recession'

BY DAVID FREUD

THE WORLD economy may be facing a rerun of the oil-induced recession of 1973-75, according to Herr Manfred Lahnstein, State Secretary in the West German Finance Ministry.

At the annual meeting in London yesterday of the German Chamber of Industry and Commerce in the UK he said the world economy was under considerable threat.

"A potentially explosive mix of inflationary pressure, monetary unrest and subsequently recessive developments is a strong possibility if we don't act early and strongly enough."

Herr Lahnstein mirrored a recent speech by Mr. Gordon Richardson, Governor of the Bank of England, in which he said that the main effect of any general upturn in world output was a higher level of inflation.

In spite of the reduction in rates of inflation in developed countries by 1978, said Herr Lahnstein, "it still has to be proved that it is possible to *achieve sufficient real growth* and acceptable price increases simultaneously over a number of years."

The spectre of inflation still *haunted the world and would* continue to do so.

"The structural weaknesses of our national economies which *contribute towards inflationary* tendencies have not been tackled decisively.

"Thus it is all the more dangerous if, on top of these *difficulties, external influences* such as those emanating from the energy situation or from a bad harvest world-wide—and the prospects for 1979 are not *too brilliant*—are now beginning to make themselves felt."

He said that if the levels of consumption and imports of oil remained constant in rela*tion to gross national product* after the recent price rises, there were two possible consequences.

Either the developed world *ran the risk of lower growth* rates, or the chosen solutions would prove counter-productive because they would be inflationary, and in turn lead to *slower growth*.

Herr Lahnstein estimated that the OECD current account balance would move from a \$6½bn surplus in 1978 to a *deficit of \$25bn this year*, entirely due to the OPEC price increases.

The OPEC surplus would rise from \$6bn to \$40bn, and the *non-oil less developed countries'* joint deficit would increase from \$36bn to \$48bn.

Highlands petrol supplies safe, tourists assured

THE HIGHLANDS and Islands Development Board reaffirmed yesterday its commitment to *maintain its "tourist petrol line"* all summer if necessary to combat rumours of a petrol shortage the area.

Its report shows normal supplies and operating hours in most areas. Shetland, Orkney, Western Isles and the North and West Highlands are completely free of restrictions. Some minor "rationing" is still apparent in parts of the Central and South-West Highlands, but the situation there continues to improve.

"No need for concern about visiting any part of the Highlands and Islands," said the *board*.

"A petrol shortage, real or imaginary, could do considerable damage to the tourist industry in the Highlands and *Islands," an official added.* "The board considers it a priority to correct the impression that petrol is scarce."

Weekly reports on the situation are *being sent to over* 100 tourist agencies throughout the UK. They come from the 16 area tourist offices.

Fraud charge is dropped

Financial Times Reporter

YORKSHIRE businessman Mr. Anthony Wilkinson, already in jail for his part in a bank fraud, will not have to face a third fraud trial at the Old Bailey.

Mr. Michael Coombe, prosecuting, told Judge Buzzard yesterday that the Crown was offering no evidence on a charge against Wilkinson, 34, of plotting to defraud in connec*tion with the activities of the* Bank of Bahrain, formerly of Piccadilly, London.

Wilkinson has already been convicted in April this year of fraud in connection with the Union Bank of Europe and the Bank of Arabia. He was jailed for 3½ years.

£5,000 towards Maudling costs

MIRROR GROUP Newspapers is to pay £5,000 towards the legal costs of an action started against them by Reginald Maudling before he died in March.

The action arose from an article in the Daily Mirror on October 26, 1976 about the Poulson affair.

The payment to the former Home Secretary's widow, Beryl, *follows* a request to the group from Mr. Maudling's legal advisers *after* his death.

A group official said: "As an act of compassion to a widow recently bereaved upon whom sizeable legal costs would ultimately fall, Mirror Group Newspapers have agreed to pay to Mrs. Beryl Maudling a contribution of £5,000.

"This gesture in no way affects the attitude of the Daily Mirror to the action itself and to the belief which that newspaper had in its case. "The action would have been vigorously defended."

Harland and Wolff wins order for Sealink ferry

HARLAND AND WOLFF of Belfast has received an order *from Sealink (UK) for a* roll-on/roll-off passenger vehicle ferry for the Fishguard-Rosslare service.

The vessel will be of the same type as the two ships ordered last year from Harland and Wolff by Sealink for Dover-France services. It is designed to carry 1,000 passengers and 300 motor cars or 60 commercial vehicles (or a mixture of both).

The ferry will have vehicle decks on two levels, connected by ramps. Vehicle access will be by bow and stern doors.

Two medium-speed diesel engines, driving twin controllable-pitch propellers, will power the ferry. It will be fitted with twin bow thrusters, twin stern rudders, a single bow *rudder* and fin stabilisers. Delivery is scheduled for autumn 1980.

Mr. R. S. Punt, managing director of Harland and Wolff, welcomed the order, which has received EEC approval. "In a period of deep depression within the shipbuilding industries of the world, we are particularly fortunate to have been given the chance by Sealink to build some of their new fleet. We already have three ships building for them, and this new order will help to provide employment for some of our men although it will not, of course, offset all the effects of the critical situation which is facing us."

23 companies wound-up

Orders for the compulsory winding up of 23 companies were made by Mr. Justice Slade in the High Court. They were: Joydens Manufacturing Company, Strand-Henderson, Mansion Construction, Green Electronic and Communication Equipment, CRH Fashions, Wessex Shop-fitting Systems, Smiley's Fashions.

Manor Properties (Whitwell), Gloscarla, Charles Mordell Electrical Components, Ken Parkes School of Motoring, Eliot Properties, Ashmoss.

Westway Heating, Ambassador Plumbing and Heating Company, Doemere, Compac Vacuum Systems, Richard Evans Timber Transport.

West New Homes, Southwood Metals, Stoplite, Cranmerash, J. P. Clark.

Lord Bernstein hands over at Granada

BY ARTHUR SANDLES

LORD BERNSTEIN, for many years the driving force behind the Granada Group, is to resign as the group's chairman and director, it was announced yesterday. Lord Bernstein, who is 80, will become president of the company from the end of September.

Nearly ten years ago he gave up his executive role in the group's television programme company because of an Independent Broadcasting Authority *ruling against involvement in* television of executives over 70. But his grip on the group as a whole has hardly loosened.

Lord Bernstein will become president of the company and hand over the chairmanship to Alex Bernstein, a nephew almost half his age, at a time when Granada faces major changes on almost every front.

Granada faces another round of bidding for retention of its North-West England television franchise; in television rental there is a prospect of great *innovation which could trans*form an otherwise sluggish industry; and in publishing there is continued reorganisation and consolidation.

Under Lord Bernstein the essence of Granada's growth has been its ability to deal with change and a demonstration of its skill in anticipating that change. The basis of the Bernstein fortune was the cinema. Its expansion has been founded on television, both in the production of its programmes and the rental of its receivers.

Lord Bernstein's creation of "Granadaland," resulted from an early appreciation of the weakness of the BBC when it came to capturing audiences. Granada's Coronation Street may seem to some an aged joke, but it still ranks in the top 20 British television shows week after week and the BBC has yet to find an equally popular programme in the ratings.

Granada Television went on the air in 1956 and shows no sign of having its rule disturbed in the forthcoming round of bidding.

Over the years it has earned a reputation for keeping in *touch with the demands* of its audience, and of keeping a considerably tighter budgetry eye on its own activities than might be the case elsewhere.

Lord Bernstein

Six years ago television rental took over from television *programming* as the major source of Granada profits. The company now has 450 showrooms and more than 1.4m subscribers, plus a further 143 showrooms in Europe and the U.S.

Much of the Granada growth in the television rental field in recent years has been thanks to acquisitions, as the trade in general has moved towards an overall consolidation. Its future depends heavily on the attitude of governments towards rental companies generally, and cable television in particular.

However, since innovation has proved a major stimulant to television rental growth over the years there are some reasons for optimism in the industry generally, even if the increasing reliability of sets has tended to erode the *basic* reason for rental.

The only pointer to what might happen in the group in future arises from the experience of Granada Television, which for some years has been operating without Lord Bernstein on the board.

Alex Bernstein is deputy *chairman and this powerful top* trio is completed by Sir Denis Foreman and David Plowright. Under their leadership Granada Television has retained its former image of cost consciousness and shown a healthily abrasive attitude towards the establishment.

"Although at the heart of a communications empire Lord Bernstein has never shown himself eager to leap into print, and when he has submitted to interviews he seems to have emerged badly.

This aversion to personal exposure seems to run in the family. It is another aspect of the Granada business which is unlikely to alter much in the future.

What is unlikely to be shaken is the group's dedication to the world of communications, a dedication which has taken it from cinemas to books and from television to music publishing.

Silicon chip centre hope for Scotland

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A NEW CENTRE to develop microprocessor applications and persuade industry to take them up is being considered by the Scottish Office. Mr. Alex Fletcher, the Scottish Industry Minister, said yesterday that he thought investment of millions of pounds would be needed, and he hoped the centre would be operating early next year.

Its roles would be to increase awareness in industry of the use of micro-electronics, to provide information, advice and training, and to carry out research and development. Although established in Scotland, probably in the central belt, it would operate throughout the UK and sell its services to companies.

Mr. Fletcher said one alternative being considered was to designate an existing establishment. A likely candidate could be the Wolfson Institute, Edinburg, which is independent and raises much of its own revenue through private contract work.

The setting-up of a centre of this type was recommended by Booz Allen and Hamilton, consultants, in a report for the Scottish Development Agency.

Mr. Fletcher said the Government saw the development and promotion of the uses of microprocessors as an essential parallel to the creation of an electronics manufacturing industry.

It was anxious to avoid repeating the situation 25 years ago when central Scotland became a computer manufacturing base but Scottish industry was slow to realise the computer's potential.

Another essential part of the strategy had to be the training of skilled workers through the Manpower Services Commission and colleges.

The silicon chip need not lead to mass unemployment if we were prepared to meet the challenges it raised, said Mr. Fletcher. Jobs would have to change but need not disappear.

Thames TV may return today

By Our Labour Staff

HOPES ROSE last night of an end to the dispute which blacked out Thames Television programmes on Friday and all day yesterday. After more than three hours of talks, representatives of the company and the Association of Cinematograph, Television and Allied Technicians were considering "constructive solutions."

Programmes were blacked out after Thames technicians based at Euston, London, walked out on Friday protesting at the dismissal of three film editors. It is believed that the outcome of yesterday's talks will be relayed to striking technicians at a meeting today, when they will decide whether to go back to work.

Programmes were first blacked out over the dispute on Friday

The technicians walked out after the three editors were dismissed for refusing to work on a special one-hour edition of the current affairs programme "TV Eye" on the oil crisis. The programme's producer wanted three editors to work on it rather than one because of lack of time.

Mr. Sapper said his union was not refusing to use more than one editor on a programme. More than one should only be used if there was an emergency and after consultation.

● Journalists on the Daily Mail and Evening News in London are expected to return to work today after talks yesterday between National Union of Journalists' negotiators and Associated Newspapers over pay. The journalists have held mandatory meetings since Wednesday over a 25 per cent pay claim.

Ezra, Gormley in vital talks on plan to close Duffryn

BY GARETH GRIFFITHS AND JOHN LLOYD

SIR DEREK EZRA, chairman of the National Coal Board, is to meet Mr. Joe Gormley, president of the National Union of Mineworkers, tomorrow to discuss the future of the Deep Duffryn colliery in South Wales.

At the same time the Board, which made a loss of £20m over the past financial year, is negotiating for substantially increased Government grants—the level now stands at £175m—to enable it to break even in the current year.

The case for raising the NCB's grants—the Board is understood to want about £100m above that figure—will be pressed by Sir Derek at a meeting on Thursday between the NCB, the Government and the unions in the tripartite group instituted by the previous administration and retained by the present one.

The meeting with Mr. Gormley is to be held in the context of a threatened miners' strike in South Wales, Yorkshire and Scotland, if the colliery closure goes ahead on August 18. The NUM regard it as a test case of the union's power to challenge any colliery closure where coal remains to be mined.

The NCB said yesterday it had yet to come to a final decision on the future of Deep Duffryn. The talks on Wednesday are at the request of Mr. Gormley. There will also be discussion on general NCB colliery closures policy and procedures.

The NUM conference at Jersey last week expressed considerable anger at the closure move. The South Wales miners executive met yesterday to plan its campaign for strike action.

The NCB has decided the pit must close because of losses running at £20,000 a day. The NUM, however, says a new face should be opened at a cost of £1m.

Sir Derek was adamant yesterday. He said that the board's decision to close the pit had not been reversed. He has written to his colliery managers to tell them that reports of a change of mind by the board over the weekend were premature.

Sir Derek will be under strong pressure to concede the NUM's demand, since industrial action, at a time when continuous production is more vital than usual to build up very low power stocks for the winter, would be extremely damaging.

The general feeling in South Wales suggests that the NCB, under government pressure, will offer a compromise deal at the meeting. It is expected by South Wales miners' leaders the board will offer to keep the pit running for another six to nine months, spend about £500,000 on a new face, and wait to see if the colliery can be made viable.

Last year's overall NCB losses, which will be announced next month, are wholly due to a winter described by Sir Derek as "disastrous." They wiped out an expected small profit.

The loss to cash flow in the winter months was £100m, with a revenue loss of around £30m.

At Thursday's meeting, as well as the case for an increase level of grants in the present year, the Government's review of the industry's Plan for Coal—expected to be favourable—will be discussed.

More top changes at British Airways

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

FURTHER TOP management changes in British Airways, after the appointment of Mr. Ross Stainton to the chairmanship earlier this summer, were announced by the airline yesterday.

Mr. Stephen Wheatcroft, at present director of subsidiary companies for the airline, becomes the new director of economic development.

Mr. Howard Phelps, personnel director, becomes operations director; Mr. Roger Moss, acting finance director, becomes finance director; Mr. John Garton, acting engineering director, becomes engineering director; and Mr. T. Gostling, acting personnel director, becomes personnel director.

All five will sit on the airline's executive board of management and will report to Mr. Roy Watts, the chief executive.

In addition, Mr. Keith Wilkins, the deputy planning director, becomes planning director, reporting to Mr. Wheatcroft.

The appointments stem from the fact that Mr. Roy Watts, before becoming chief executive, filled the joint post of director of finance and planning, while Mr. Kenneth Wilkinson, formerly engineering director, also moved up to become deputy chairman of the airline.

Another bid to lift oil tanker today

By Lynton McLain

ANOTHER attempt to right the stricken German oil tanker Tarpenbek off the Isle of Wight is expected to start today after a component failure scuttled a second bid yesterday.

The metal eye holding lifting gear in place gave way after Smits, the Dutch salvors, had placed chains around the vessel as it floated upside down a mile off Sandown Pier.

The vessel fell back to the water, with a floating crane in attendance. There was no pollution.

A new eye was made yesterday but the last of the 1,600 tons of oil cargo, almost 200 tons, has to be pumped clear before a further bid is made to right the vessel.

Pumping could take almost a full day and the righting attempt—known as parbuckling—is not expected to be finished before Wednesday.

The ship will then be inspected by Smits and by Knohr Burchard, the German owners, to decide if it is more of a liability than an asset.

The salvors brought the Smit Pioneer heavy duty ocean-going tug to stand-by in case the vessel is to be towed to the Continent for repairs.

Meanwhile, Rear Admiral Michael Stacey, the head of the Government's Marine Pollution Control Unit said, he was "very disappointed" that the rescue attempts had so far failed. "Salvaging is a risky business and you are dealing with a lot of unknowns," he said after visiting the Isle of Wight yesterday.

● The Trade Department has been criticised by the Advisory Committee on Oil Pollution of the Sea for its handling of the Eleni V pollution incident last year. Mr. Viktor Sebek, of the committee said in the Marine Policy Journal, that the Department had sent 19 spraying vessels to tackle the heavy fuel oil pollution, although this could not be cleared by dispersants.

The total Eleni V operation cost the Government £2m, compared with the total capital spending of £1.5m this year for the entire recommended programme of command, communications, resources, research and salvage.

More Home News on page 27

Public services' pay warning

BY ALAN PIKE, LABOUR CORRESPONDENT

THE GOVERNMENT was warned yesterday that it would be risking industrial action if it did not honour the findings ofthe Clegg comparability commission on public service pay.

Public services union leaders are to meet Professor Hugh Clegg on Friday. They believe that he may then outline the results of his inquiries into the pay of local authority and hospital manual workers and ambulancemen. The first half of any comparability award to these groups is due for payment next month with the second instalment in April 1980.

Mr. Mick Martin, public services nationaly secretary of the Transport and General Workers Union told delegates to the union's conference at Scarborough that the success or failure of the three-month local authority and health service dispute last winter would be seen on Friday in the commission's findings.

The last government had agreed to finance any recommendation from the commission up to rate support grant level. If the present government did not continue this policy and allow payments recommended by Professor Clegg "we will have to see how we can get it by other means and that may well be industrial action."

Since the election the Government has referred teachers' pay to the Clegg commission. Ministers have said that some forms of comparability exercise is likely to prove necessary in the future. But the immediate fate of the commission will be influenced by reaction to its first report.

The TGWU conference opened yesterday with a warning of "serious struggles ahead" from Mr. Stan Pemberton, chairman. He said that the government was "pledged to attack some of the most basic achievements of trade unionism." Today delegates will debate an emergency motion demanding maximum resistance to changes in labour law.

People had criticised the trade unions and especially the TGWU, said Mr. Pemberton for their determination to press for a return to normal collective bargaining.

"But our policy has always been clear and the unrelenting pressure of the cost of living on our members has made co-operation with yet another set of any pay guidelines impossible. The unwillingness of the Labour Government to accept the necessity for a return to normal collective bargaining contributed to its defeat."

Conoco expects oil production on time

BY MAURICE SAMUELSON

WORK ON Conoco's Murchison Field in the northern North Sea is expected to be back on target despite a three-month delay in completing the steel jacket of its production platform.

Mr. Dennis Greggs, Conoco's vice-president and general manager of the Murchison project, said that thanks to changes in the kind of barges which would be used for offshore installation, Conoco was still confident of beginning production next summer, as scheduled when work began three years ago.

An eight-week strike at the MacDermott Yard in Ardesier, on the Scottish East Coast, and the collapse of a crane there prevented completion of the jacket in April.

Murchison, 120 miles north-east of the Shetlands, is the first of the new generation of North Sea fields which will help the UK towards self-sufficiency in oil production. Production will begin at 75,000 to 100,000 barrels a day, rising to 150,000. Mr. Greggs said the field's recoverable reserves are now put at 380m barrels of low sulphur crude.

He was speaking at Middlesborough where Redpath Engineering, a division of Redpath Dorman Long, has just completed work on the platform's twin accommodation modules at Linthorpe Dinsdale on the River Tees.

The modules, weighing 2,400 tonnes, will be towed down the river on Sunday, and be taken to Norway before being installed on the 620 ft high platform.

Work is virtually complete on the platform's 12 production modules being built elsewhere in the UK, including Teesside, and in Europe.

The £5m accommodation modules were completed in 15 months. Redpath is tendering for a similar contract for the Shell platform in the Cormorant field, and is already building the jacket of this platform in Scotland.

If it fails to win another big order soon it may have to lay off half the remaining 180 workers at Linthorpe Dinsdale, where a further 200 men are employed by sub-contractors.

Another eagerly sought contract is for the accommodation module on British Petroleum's Magnus field.

The module which Redpath has just completed at Middlesbrough is the last word in luxury for offshore workers. Its proudest boast is a 100-seat cinema, more reminiscent of London's West End than the wilds of the North Sea.

Work is almost complete at Linthorpe Dinsdale on 10 onshore production modules for Sullom Voe, Shetland.

Soames condemns 'unjustified' Civil Service workers strike

BY PHILIP BASSETT, LABOUR STAFF

LORD SOAMES, the Lord President of the Council, yesterday attacked strike action by Civil Service scientists and technicians as "totally unjustifiable."

Lord Soames, who has day-to-day responsibility for the Civil Service, made a statement to the House of Lords on the dispute over pay with the Institution of Professional Civil Servants after 32 engineers in the Houses of Parliament began strike action which could affect canteen facilities, lifts and other equipment.

He urged the union to take the dispute to arbitration. "The Government has offered this and has agreed to abide by the ruling of the tribunal. The union's response has been to escalate industrial action which, given the circumstances, I see as totally unjustifiable."

He "deplored" the action which had led him to make the statement. Mr. Norman St. John Stevas, Leader of the House of Commons, made a similar statement and said the Government was doing everything it could to solve the dispute.

Mr. Paul Channon, Civil Service Minister, replied for the Government in an adjournment debate on scientists' pay last night.

The union and the Civil Service Department are now close to agreement on scientists' pay after informal discussions on the conditions attached to the offer of 20-33 per cent for the 20,000 staff.

The union's executive yesterday discussed the improvements made to the conditions which it had previously found unacceptable, and it will announce its decision today after a meeting of the scientists' sub-committee. No further progress has been made, though, on a claim for 50,000 technicians for increases of 36-47 per cent. The Government has offered 15.5-24.1 per cent.

Mr. Bill McCall, IPCS general secretary, said in reply to indications that the Government might be ready to use troops to ease the effects of IPCS action that the union would do nothing to endanger health and safety.

Bank strikes start

BY OUR LABOUR STAFF

STAFF AT five Midland Bank computer centres started a series of 24- and 32-hour strikes yesterday at the start of a campaign to win a better pay offer from the five clearing banks for 200,000 staff.

The action involved 700 people according to the Banking, Insurance and Finance Union. The strike took place at Coopers Row and Gracechurch Street in the City of London, dealing with general clearing and international transactions respectively, the London computer centre at Brent, and centres at Bootle, Merseyside and Pudsey, West Yorkshire.

Midland said last night it was too early to assess what effect the strike had. The strike at Bootle centre, and at Brent started late last night. The other three centres were hit from early yesterday morning.

Mr. Alan Scouller, Midland's assistant general manager for industrial relations, said about 80 people had gone on strike at Coopers Row, Gracechurch Street and Pudsey. Members of the Association of Scientific, Technical and Managerial Staffs had also joined in the dispute.

Mr. Bill Vose, a BIFU spokesman, said the strike was the first phase of the union's campaign to win a better pay offer. Strike ballot papers to 8,000 union members at High Street banks in Britain have gone out this week. Last night bank employees in London held a meeting to discuss what further action to take.

The strike decision was made following the collapse of conciliation talks for Midland clerical and computer staff. Midland has offered 12.5 per cent in a nine-month deal. The unions want at least 15 per cent new money.

Chrysler deal hopes slim

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

HOPES WERE fading last night of averting a walkout today by 3,500 Chrysler UK workers in a dispute which the management has warned could mark the start of a run down in the size of the company.

Employees at the Stoke engine factory, Coventry, are expected to join the strike—now into its second week—by 2,000 men at the nearby Ryton plant.

The extent of hostility to the company's 5½ per cent pay offer was indicated by the decision yesterday of 173 men at the Bagington depot, Coventry, to cease work. Bagington is responsible for packaging components for the £100m-a-year export contract with Iran.

Chrysler, which has forecast a £30m loss for the current year, has stressed that it cannot afford to increase pay rates further. A new incentive scheme has been put forward as the only way to increase earnings.

Last-minute talks between management and shop stewards about the incentive scheme and related issues are expected today. But there is little hope of a breakthrough. The Advisory Conciliation and Arbitration Service is standing by.

The Coventry workers, scheduled to begin their annual summer holiday at the weekend, seem resigned to a lengthy dispute. Shop stewards take seriously company warnings of the risk to operations, but insist that the wage levels offered are unreasonable.

A strike at Stoke would quickly halt all Chrysler UK operations. The factory supplies components to the truck plant at Dunstable, and to Linwood, Scotland, for assembly of the Avenger and Sunbeam models.

Negotiations at Linwood, where workers have been promised parity payments in addition to the annual wage award are continuing.

ICI may face action

BY PHILIP BASSETT, LABOUR STAFF

CLERICAL AND engineering staff at ICI are being recommended to take industrial action for the first time in the company's history after a rejection by union negotiators of a pay offer of 8½-13 per cent.

The 21,000 staff will decide at meetings this week about the recommendation, and union negotiators are confident that it will be accepted.

It proposes a series of one-day stoppages to open the action. This is supported by the major negotiating unions involved, the Association of Scientific, Technical and Managerial Staffs and TASS, white-collar section of the Amalgamated Union of Engineering Workers.

Mr. Roger Ward, leading union negotiator, said yesterday: "The significance is that there has never been any recommendation to the white-collar staff to take action in the company's history."

The unions rejected the 8½-13 per cent offer last week, and officials made clear yesterday that they looked for at least 13 per cent for the lowest-grade staff.

The company estimated that the unions' claim was worth 17-20 per cent.

ICI manual staff have already rejected a 16½ per cent offer.

Ulster lawyers reject Government proposal

BY OUR BELFAST CORRESPONDENT

MR HUMPHREY ATKINS, the Ulster Secretary, has clashed with members of the legal profession in the province over part of the Government's proposals to tighten up on interrogation of suspects in Royal Ulster Constabulary custody.

The Incorporated Law Society of Northern Ireland yesterday rejected the plan to allow police officers to be present when prisoners speak to their solicitors.

Many new measures based on the recommendations of the Bennett inquiry into interrogation techniques are being introduced.

A suspected terrorist in RUC custody will be allowed access to his solicitor after 48 hours, and at 48 hours intervals thereafter. When deemed necessary for the administration of justice a senior uniformed police officer will be present at the consultation.

The law society said it had written to Mr. Atkins, with copies to the Lord Chancellor and the Attorney General, completely rejecting "any diminution of confidentiality between solicitors and their clients."

The society made no further comments on its letter nor did it suggest what action it might take if the Government did not alter its proposal. The Northern Ireland Office has not yet replied.

Passengers will work doors on London Tube

Financial Times Reporter

LONDON TRANSPORT has been given authority to spend £17.6m on 14 trains, fitted with passenger-operated doors.

The Greater London Council London Transport committee agreed yesterday to the plan, and approved in principle purchase of a further 14½ trains—14 with three spare carriages.

The GLC Planning and Transport Department had earlier recommended that "energy-efficient" trains be introduced by London Transport. The transport committee said yesterday that the LT Executive had to report on its experiments with electronic thyristor controls for saving energy before it got the go-ahead.

Trains with passenger-operated doors are expected to be in service by 1983.

Libel damages for textile men

THE PUBLISHERS and printers of the Investors' Chronicle have paid "substantial" libel damages to two textile manufacturers and merchants over an article which could have been understood to mean that they were involved in a dishonest transaction.

A High Court judge was told yesterday that the article which gave rise to the libel action, by Mr. Joseph Menaged and Mr. Albert Menaged appeared in the Investors' Chronicle in December 1973, under the heading "Jackson and Steeple—late accounts."

Mr. J. J. Hodgson, counsel for the two businessmen, said: "The article was capable of being understood to mean that they had so conducted a transaction between Jackson and Steeple and another company, Grandston in September, 1973, as to give a dishonest financial advantage to themselves at the expense of the minority shareholders of Jackson and Steeple."

Counsel for the defendants said it had not been their intention to suggest that the two men had been parties to a dishonest transaction. If the article was so understood, they wished to make it clear that such a suggestion was without foundation.

Butler's visit

Mr. Adam Butler, Minister of State for Industry with responsibility for the Post Office, yesterday visited the Birmingham sorting office, where a number of letter bombs have recently been discovered. He thanked the staff for their efforts.

Not franchised

MERCEDES-BENZ has asked us to point out that contrary to a statement in yesterday's Financial Times, Dan Perkins (London) does not hold a Mercedes franchise.

THE GOVERNMENT'S PROPOSALS FOR LABOUR LAW REFORM

Limit on pickets, closed shop eased

REPORT BY CHRISTIAN TYLER, LABOUR EDITOR

DETAILS OF the Government's proposals for amending industrial relations law were published yesterday by Mr. James Prior, Employment Secretary.

They are in the form of working papers on picketing, the closed shop and public financing of trade union ballots which the Government intends as the basis of consultation with the CBI, the TUC and other bodies before amendments are drafted around November.

Picketing: The Government says that in recent years there has been a tendency for pressure to be put on employers not directly involved in disputes. The closed shop has also "reinforced the effectiveness of picketing."

"There are indications of an increasing use of intimidation on picket lines, whether directly through the threat of physical violence or indirectly through the threat of loss of union membership and, as a consequence, of jobs. The disputes of last winter showed how far these developments had gone."

So as not to create sources of conflict gratuitously or place an impossible burden on the police, it was not proposed to make picketing outside the new limits a criminal offence.

But the definition of lawful picketing should be amended to confine it to:

● Those who are a party to the trade dispute which occasions the picketing and

● to the picketing which they carry out at their own place of work.

Immunity

As this by itself would not be sufficient, trade union immunities (under section 13 of the Trade Union and Labour Relations Act) should also be amended in respect of picketing. This would mean that anyone who picketed outside the limits defined above would not be protected by section 13 if that picketing induced breaches of contract.

"It would then be for the employer concerned to initiate action when he thought that picketing was unlawful and damaging his firm's operations."

Another approach, the working paper says, would be to further limit that immunity so that other forms of industrial action like "blacking" and blockading ceased to be protected.

A further possibility, therefore, would be to limit trade union immunity so that it covered only breaches of contracts of employment and not all contracts, as at present. This was the formulation of the 1974 Trade Union and Labour Relations Act, amended by Labour in 1976.

Legislation should enable the Secretary of State to draw up a code of conduct for picketing, which would have "considerable moral force" and help a more consistent interpretation of the law by police and magistrates.

The code might be drawn up by the Advisory, Conciliation and Arbitration Service, with Government approval. This power would only be used in the absence of effective voluntary guidance.

The closed shop: Remedies available under common law are limited and there is no legal constraint, either statutory or under common law, on the way a closed shop agreement is introduced, the Government says.

It is proposed to extend protection against dismissal for non-membership of a union in a closed shop. At present only those who can convince industrial tribunals that they have religious convictions can be successful in unfair dismissal cases.

Those who would be entitled to compensation under the Government's proposals are:

● Existing employees who are not union members.

● Those with "deeply-held personal conviction."

There was a question whether the protection should apply to people who objected to being a member of any trade union or to those who objected to being a member of a particular union.

The Government also suggests that there is a strong case for allowing an employer to "join" a union in any case brought against him. Thus the industrial tribunal might, if it found for the applicant, also split the compensation award between employer and union.

New rights

Before a closed shop agreement was made, there should be overwhelming majority support for it among the employees. The proposed statutory code of practice might lay down what percentage was required and how a ballot was organised.

The code of practice might also suggest periodic reviews of employee support for the closed shop agreement.

Any worker, whether in a closed shop or not, or whether employed or not, would be given the right to go to the High Court if he felt "arbitrarily or unreasonably excluded or expelled from union membership." The provision of this right would not conflict with voluntary procedures for handling these type of problems, the paper says.

Financing ballots: It would be up to the unions to decide when ballots were appropriate. The purpose of the legislation would be to remove minor financial constraints.

The scheme might cover:

● Elections to full time trade union official and to the executive, or other governing body of an independent trade union;

● matters involving changes in union rules;

● the calling or ending of strikes.

The proposed legislation would enable unions to reclaim "the reasonable postal costs" of conducting a secret ballot—at least the cheapest postal method, or, at the discretion of the certification officer, the first-class post.

It might be necessary to reimburse associated administrative costs as well.

One important issue was whether funds should be made available for secret balloting at the place of work. This might require special safeguards to ensure such ballots were properly conducted.

Tories urged to clamp down on 'perks'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GROWTH of company "perks" for middle and top management — particularly by the provision of company cars—came under strong criticism from the Opposition in the Commons last night.

Mr. Denzil Davies, a Labour Treasury spokesman, opposed an exploratory amendment to the Finance Bill, as a means of trying to find out whether the Government intends to clamp down on benefits in kind, in the wake of the Budget.

Speaking during the committee stage of the Finance Bill, he argued that the widespread use of such perks was completely unjustified now that the Government has made big reductions in the higher rates of income-tax.

Mr. Davies said that the original argument in favour of perks was that they were justified as a "safety valve" under a higher rate of income-tax. Now that the top rate had been reduced to 60 per cent. there was no longer any case for them.

He acknowledged that this could not be done during the present Finance Bill but that it might be introduced in next year's Budget.

Perks had become a very real problem and it was most visible in the case of motor cars. About 90 per cent of all Rolls Royces were not bought by the people who were driving or being driven in them. Neither was the petrol they were using.

In addition, probably 95 per cent of all other large cars were provided by companies or bought by the self-employed.

"If this problem of perks is not dealt with by the Government, then the resentment created by the Budget will be even greater" he maintained.

Mr. Dudley Smith (C., Warwick and Leamington) a management consultant, agreed that there was a case for looking very strongly at perks, particularly where they concerned cars.

He emphasised, however, that this could be done only when the majority of the income earned by a person actually went to that person and was not taken by tax.

The system of benefits in kind had grown only because of the severe rate of taxation in Britain in post-war years.

There was now a case for looking to see if perks could be phased out in the new atmosphere created by the Budget.

The Government should also look severely at moonlighting by workers who did not pay tax. Thousands of millions of pounds were being lost to the revenue by people doing jobs on the side.

Opening last night's debate, Mr. John Garrett, a Labour Treasury spokesman, denounced the income tax cuts in the Budget as class orientated and aimed at helping the wealthy and the Institute of Directors.

He maintained that the cuts represented "a gigantic productivity deal for management."

He warned that by giving enormous sums to the well-paid the Government was setting the tone for pay bargaining by the unions during the current wage round.

He argued that the section of the Bill dealing with income tax was "devisive, unjust and provocative."

Allowing for the increase in VAT, the rise in petrol prices and the probable increase in mortgage rate, the vast majority of salary earners would be worse off.

The only ones to benefit would be those earnings more than £10,000 a year.

The income tax cuts would benefit a family earning £55 a week to the tune of £1.20p, but they would have to pay more than that in increased VAT, rent rises and the cut in the social wage.

A manual worker on £90 a *week would gain £2 a week* from the cuts but would be 40p worse off following the other increases.

"A £10,000 a year manager's family would just about break even, until, of course, the mortgage rate goes up," he went on.

A company director on £25,000 a year would benefit by £1,500 annually but it was the "*top boys" on £40,000 a year* who would get the biggest benefits—by a rise of £4,500 annually.

All of this proved beyond doubt, he said, that this was a "*class*" *Finance Bill and a Bill* for the wealthy.

It was aimed at the Institute of Directors who were friends of the Tory Party, even though it might be going too far to describe them as "the Tory Party at lunch."

He doubted the validity of the Government's claim that the tax cuts would "gee up" the *middle managers. A £10,000-a-*year man would gain only if he was a non-drinking, non-smoking bachelor who travelled on foot, wore zero-rated children's clothing and had the life style *of Neanderthal Man.*

Mr. Garrett argued that Britain was not, in general, a highly taxed country. The incidents of income tax was usually grossly exaggerated by the Tories.

One of the troubles was that industrial management was held in low esteem in Britain.

"This Finance Bill gives very heavy rewards to those who need them less and gives very little to those in need," he maintained.

UK aid down by £50m

By Robert Mauthner in Paris

THE ORGANISATION for Economic Co-operation and Development has expressed concern that the UK's official development aid budget for the current year has been cut back by £50m.

Following a review of British aid policy by the Organisation's development assistance committee last week, the committee issued a statement that the cuts would reduce the real growth of official UK aid from a planned 6 per cent to 2 per cent in 1979.

It expressed the hope that the aid programme would not be affected by any future cuts in public expenditure decided by the British Government.

The cuts for the current year follow a relatively satisfactory aid performance in 1978, when net official aid disbursements by the UK increased by 22 per cent to $1.2bn (about £610m), representing 0.40 per cent of GNP, compared with 0.37 per cent the previous year.

From 1970 to 1978, the UK's development assistance has increased by some 20 per cent in constant prices, but has hardly varied in terms of GNP, placing Britain in the middle rank of OECD donor countries.

However, the committee welcomed the fact that the UK had complied fully with the provisions of its 1972 recommendation regarding the financial terms on which aid is granted.

Official development assistance extended to the least-developed countries and other poorer countries is now almost entirely in grant form.

The committee also noted that British bilateral aid is increasingly concentrated on the poorer countries.

In 1978, about 60 per cent of official bilateral aid went to countries with a per capita GNP below $400, and 26 per cent to the least-developed countries.

The UK's aid programme compares unfavourably with that of Sweden, whose aid policies were also reviewed by the committee last week.

In 1978, Sweden ranked first equal with Norway among OECD donor countries.

More fuel available this week

By Kevin Done

PETROL supplies should be more widely available this week, as service stations begin *to extend opening hours, the* Automobile Association said last night. Only a minority of filling stations were still restricting opening times.

According to a nationwide survey conducted by the AA, four-star petrol prices are ranging from £1.16 to £1.25 a gallon.

A small number of garages are also selling at much higher prices, particularly where supplies have been bought on the spot market.

A region-by-region round-up from the AA shows:

A region-by-region round-up from the AA shows:

● SOUTH-EAST — petrol generally available, but some garages are still closing early. Restrictions on the amount of petrol per customer on the M27 at Rownhams service area, with similar restrictions in Thames Valley.

● SCOTLAND — no problems are reported. Some garages are extending opening hours and again accepting credit cards. A few garages in border areas are restricting petrol sold.

● WEST AND WALES — a large number of garages were open over the weekend, but there were some problems with diesel on motorways, with petrol sales limited to £4 *to £5 worth per customer.*

● NORTH plenty of fuel, but most service areas on motorways are restricting amounts. There are no problems in major towns and cities.

● MIDLANDS — no real problems, but sill some local shortages.

The Institute of Petroleum said yesterday that demand for oil in Britain in the first three months this year was up by 5.6 per cent, but still lower than in the same period of 1973.

Petrol demand in the first quarter rose by more than 4 per cent and was 9 per cent, or 1.2m gallons a day, higher than in the first quarter of 1973.

Holiday petrol supplies assured

BY IVOR OWEN

FEARS OF serious petrol shortages in Britain's main tourist areas during the peak of the holiday season were discounted by Mr. Hamish Gray, Minister of State for Energy, in the Commons yesterday.

He told MPs that he was confident that difficulties would not be experienced "to any great extent."

Anxieties about the effect of petrol supply fears on the tourist industry were expressed from both sides of the House, and Mr. Barry Sheerman (Lab and Co-op, Huddersfield E) referred to a 40 per cent drop in *holiday bookings in West Yorkshire.*

"A lot of people are losing a lot of brass," he complained.

Mr. Frank Hooley (Lab, Sheffield Heeley) said that millions of people would soon be leaving the main centres of industry for the principal tourist areas.

He urged the Government to ensure that petrol supplies were re-allocated during this period to take account of this temporary shift in population.

The Minister explained that the distribution policy operated by the oil companies took account of the petrol sold in a particular area in the corresponding month of a previous year.

He believed this would safeguard tourism, adding: "I think *the greatest contribution MPs* and the media can make is not to create panic where no real shortage exists."

Mr. Gray also pointed to the responsibilities of tourist authorities, and praised those tourist Boards which had undertaken advertising campaigns stressing that petrol was available in their areas.

From the opposition front bench, Mr. Alex Eadie, a Labour energy spokesman dismissed as "nonsense" the Government's claim that the rising price of petrol was the best means of overcoming shortages.

The Government should start to govern, he said, and stop the oil companies playing "ring-a-ring-of-roses" with the Energy Ministers.

Mr. Gray replied that there was no doubt that in the months and years ahead, the Government would be looking to the oil companies to do as Mr. Eadie to make "positive investment" in the North Sea.

This would be encouraged by appropriate policies designed to remedy the lack of investment in the North Sea over the past two or three years, resulting from the decisions of the Labour Government.

In a clash with Dr. David Owen, the Shadow Energy Minister, Mr. David Howell, the Energy Secretary, defended the Government's handling of the world energy crisis, and defended the "sensible price regime" which now prevailed for petroleum products in the British market.

He asserted that to keep the price of petrol and the tax levied on it "suppressed" would lead to a return to the shortages experienced before the present Government took office.

Mr. Howell said a review of the role of the British National Oil Corporation formed part of the policy reappraisal which he had set in hand.

Mr. Gray said that about 49 per cent of North Sea crude produced so far this year had been exported.

He explained that there were technical and financial reasons why it was in the UK's interest *to export some North Sea oil* and import other crudes.

"For this reason, and because of the recent leapfrogging of crude prices, it is difficult to calculate the financial gain, but the Department estimates, on the basis of prices of imported and indigenous crudes, that in the past three months it has been in the range 40-80p per barrel."

Bill attempts to improve lodging houses

BY MICHAEL CASSELL

AN ALL-PARTY group of MPs has launched a Private Member's Bill, designed to protect homeless people who are forced to accept accommodation in substandard lodging houses.

The Bill, which is intended principally to consolidate, strengthen and simplify the law *and procedures relating to* multi-occupation premises, lays the basis for local authorities to improve the housing conditions of single people.

Mr. Jock Stallard (Lab St. Pancras N) chairman of the all-party Campaign for Single Homeless People Parliamentary Committee, said that a major improvement in a substantial sector of the rented housing was now an urgent priority.

"It is high time that something was done to tackle some of the worst housing conditions —the appallingly substandard lodging houses and hostels that can be found in London and every other major town and city in the country.

"Nobody should have to put up with inhuman conditions which place their health and safety at risk."

Mr. Joe Dean (Lab Leeds W), who is introducing the Housing (Houses in Multiple Occupation) Bill, said that the legislation would give local authorities a tool "to bring these 19th-century institutions in line with late 20th-century housing standards."

The Bill, which is scheduled for a second reading in November, places local authorities under a duty to inspect the whole of their area, to identify multi-occupation premises and to ensure that standards defined in the legislation are maintained.

Under the terms of the Bill, authorities will have to establish a register for most types of multi-occupation premises.

Re-registration will be required every two years and failure to comply on the part of the person controlling the premises could lead to a fine of up to twice the gross rateable value of the house and a further daily fine of half the rateable value.

Standards to be maintained cover items such as lighting, ventilation, water supply, personal washing facilities and drainage and sanitary arrangements.

Any complaints that standards are not being reached will be taken up by a local authority which can, if necessary, serve notice to one or more people with an interest in the premises requiring them to carry out improvements within a specified period.

If a local authority accepts that the responsible person cannot, "at reasonable expense," undertake the required improvements, then it can ultimately issue an order which ends the property's use as multi-occupation premises.

The authority is responsible for securing alternative accommodation for tenants displaced by such a decision.

VIETNAMESE HOMELESS: Foreign Secretary Lord Carrington yesterday called for more drastic action to bring home to the Vietnamese Government the scale of what had been happening with their refugees. He said numbers leaving Vietnam under a United Nations-Vietnam agreement were "so small as to be almost useless."

"It is very important that the world condemns what the Vietnamese are doing," he told peers.

Pensioners to get heating assistance

GOVERNMENT plans to help pensioners and the needy with their winter fuel bills are to be announced shortly, Norman Lamont, Energy Under-Secretary, told MPs yesterday.

"We are extremely aware that elderly people are particularly likely to be hit by the rising cost of energy," he said, during question time.

He realised there was need for a statement on the Government's plans as soon as possible, and hoped it would be possible before the summer recess.

"The Government has the question of assistance with fuel costs under review against the background of its public expenditure objectives and the need to avoid further complication of the social security system," he said.

Davies' funeral

THE TWO SIDES of Mr. John Davies' life—politics and industry—paid their last respects at his funeral yesterday. Mr. Davies left his post as CBI director-general for a place in Mr. Heath's Tory Cabinet in 1970. He died last week, aged 63.

Mrs. Thatcher and her husband, and Lord and Lady Home mourned along with the current CBI director-general, Sir John Methven, and past-president Sir John Partridge.

Pay 'outrage'

FACTORY workers hought it was an "outrageous disgrace" that MPs on a big salary could "line their pockets" with fees from outside jobs, a Labour Left-winger told the Commons yesterday.

Mr. Bob Cryer (Keighley) said that for MPs' latest pay rise to be seen as fair, they should work full-time. At present MPs could "line their pockets" with fees from adviserships and directorships.

Ballot costs

POSTAL BALLOTS for the election of officials for the major trade unions could cost about £1.25m, Mr. Patrick Mayhew, Employment Under-Secretary said yesterday.

Replying to a question *about the cost of postal ballots* **for officials of the 26 trade unions with membership of more than 100,000, he said: "On the basis of second class postage and reasonable assumptions about the number of elections likely to be held and the proportion of members returning ballot papers the annual postal cost is estimated at about £1.25m at current prices." Payment of the associated administrative costs would about double this figure.**

No-strike hopes

THE GOVERNMENT is still considering the possibility for concluding no-strike agreements in a few essential services, Mr. Patrick Mayhew, Employment Under-Secretary, said in a Commons answer last night.

Civil servants' strike condemned

ACTION by professional civil servants in calling for a Palace of Westminster strike from July 23 was condemned yesterday as "totally unjustifiable" by Lord Soames, Lord President of the Council.

In a statement to the Lords, he censured the move and called on the union to adopt arbitration procedures.

Lord Soames said: "The Institution of Professional Civil Servants (the IPCS) has instructed its members at the Palace of Westminster to strike *for a fortnight from today*. Thirty-two staff are involved and most are expected to obey the strike call.

"These staff are engineers and technicians responsible for *the maintenance and operation* of virtually all services in the Palace of Westminster. They supervise about 170 Department of the Environment industrial staff who are not in *dispute and are expected to* continue to work so far as they can.

"It is expected that they would respond to any situation involving serious risk to health *or safety*.

"The Property Services Agency will make every endeavour to maintain at least a minimum level of service."

"I deplore the action which leads me to make this statement. It is only one part of the current campaign by the IPCS.

"I firmly believe that when two parties find that they are in an honest dispute with one another—which is what we have here—the right course can only be to go to arbitration according to the well-established procedures, and in particular should this be true when a civil service union finds itself in dispute with the Government.

"The Government has offered this and has agreed to abide by *the ruling of the arbitration* tribunal. The union's response has been to escalate industrial action which, given the circumstances, I see as totally unjustifiable."

Peers were anxious about the effect the strike might have on them.

Lord Soames told them: "If the air conditioning breaks down, it is likely to cause more irritation in the House of Commons . . . I can assure peers that if the lifts were to break down while they were in them, means would be found of getting *them out*.

"The House will be pleased to hear that the sewerage systems are unlikely to be affected."

Mr. Norman St. John Stevas Leader of the Commons made a similar statement in the Commons and was criticised from both sides about Government handling of the affair.

MPs have been severely inconvenienced in recent weeks by shortages of Parliamentary papers, including the daily Hansard report.

Tory backbenchers urged Mr. St. John Stevas to use a private company for the missing printing.

But he said "I don't think it would be wise at this moment to make alternative arrangements until it is established beyond reasonable doubt that the present arrangements for printing have permanently broken down."

Sir Robert Armstrong—Secretary to the Cabinet

Thatcher picks her right-hand man

BY PHILIP RAWSTORNE

SIR Robert Armstrong, whose appointment as Secretary of the Cabinet was announced yesterday, literally becomes Mrs. Margaret Thatcher's right-hand man when he takes over the post in October.

He will sit at the Prime Minister's side at meetings of the Cabinet, whose agenda he will arrange and whose minutes he will record.

It is the key post in the governmental system. As head of the Cabinet Office, Sir Robert will technically be at the service of the Cabinet collectively, playing a vital role in the work of its committees as well as its full decision-making meetings.

*This position at the nerve-*centre of the Government bureaucracy inevitably and rapidly leads to even greater personal influence.

In practice, the Secretary of *the Cabinet invariably becomes* the Prime Minister's close personal adviser.

Sir John Hunt, who retires from the job in October, has, for example, prepared the ground for successive Prime Ministers at recent economic summits.

Few who know Sir Robert—and he has many friends in the media—doubt that he will play a less influential part in the future than any of his formidable predecessors.

A brisk and incisive administrator, he has acquired an enviable reputation among his fellow mandarins for lucid policy drafts.

"Never a word wasted," says one who has worked under him at the Home Office.

He digests information at great speed; summarises the points and the problems concisely for ministerial decisions.

These bureaucratic talents are enhanced by a quick sense of humour, breadth of knowledge and a lively political sense.

Sir Robert Armstrong. Roger Taylor

Sir Robert, who is 52, knows his way about Westminster as well as Whitehall, having been exposed more than most civil servants to the political hurly-burly.

The son of a former Principal of the Royal Academy of Music and an accomplished musician himself, Sir Robert was educated at Eton and Christ Church, Oxford. He joined the Treasury in 1950.

In the next five years, he served as private secretary to the late Reginald Maudling and to Lord Butler, when he was Chancellor of the Exchequer.

After a spell in the Cabinet Office, Sir Robert was appointed principal private secretary to Mr. Roy Jenkins, then Chancellor of the Exchequer, in 1968.

From 1970-75, he was successively principal private secretary to two Prime Ministers, Mr. Edward Heath and Sir Harold Wilson. With both, he established a friendly personal relationship.

In 1975, Sir Robert was made a Commander of the Royal Victorian Order—a rare honour for a civil servant and one that is personally awarded by the Queen.

The same year, he joined the Home Office as Deputy Secretary and was promoted to Permanent Secretary in 1977.

Outside Whitehall, he devotes much of his time to music, especially opera. He is secretary of Covent Garden and a member of the governing body of the Royal Academy.

This top-level experience at 10 Downing Street and previously at the Treasury will be invaluable in his new post.

He becomes Cabinet Secretary —with a salary of £25,211—at a *younger age* than Sir John Hunt, and can look forward to eight years in this critical post, covering the period of the next Government, as well as the present administration.

Sir Robert's post at the Home Office goes to Sir Brian Cubbon, another of the civil service high-flyers, who was private secretary to Mr. James Callaghan when he was Home Secretary in 1968.

Sir Brian served, on loan, to the Cabinet Office from 1971 to 1975, when he was responsible for EEC affairs during the crucial period of Britain's entry into the Common Market.

He returned to the Home Office in 1975, and a year later was promoted to his present position as permanent secretary at the Northern Ireland Office.

He will be succeeded by Mr. Kenneth Stowe, who, only a few weeks ago, went to the Northern Ireland Office as a deputy secretary.

Mr. Stowe, like Sir Robert Armstrong, holds the CVO, awarded by the Queen for his work during the past four years at Downing Street in supervising eight successive honours' lists.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● HANDLING

Truck will run in the rough

PRINCIPALLY designed for ship/shore materials handling duties is a counterbalanced "Stevedoring Special" forklift truck, from ACR Lift Truck. The machine is offered in a range of mast heights and lifting capacities are 6,000 lb, 7,000 lb and 8,000 lb.

For lifting on board ship by derrick or crane the truck incorporates a removable counterweight, which requires no tools either to remove or replace. Where high capacity cranes are available the machine can be hoisted as one complete unit. The overhead guard, frame-mounted to facilitate counterweight removal, has been tested to meet international drop test requirements.

Standard features comprise: non-slip flooring in the operator's compartment; adjustable driving seat; two or three-stage masts; cushion tyres; and dual fuel tanks providing for a continuous 13 hour shift. Options include petrol or diesel engines, each with a 5,000 hour or two-year guarantee; heavy-duty, two-speed transmission or power-shift transmission with automatic return to neutral should the operator leave his seat; and a variety of attachments can be mounted.

The 8.5 in frame underclearance enables the truck easily to negotiate irregular surfaces, such as ramps and railway lines, and, to minimise radiator clogging, dust shields are mounted on the frame. For ease of servicing the truck incorporates swing out side panels and battery; swing-up seat deck: one-piece bolted-on radiator grille: double universal joint for simple removal of drive train components; and wire harness to disconnect the instrument panel.

ACR Lift Truck, Chalmers Way, North Feltham Trading Estate, Feltham, Middx. Tel: 01-751 0222.

● TRANSPORT

Helps long-haul drivers

DESIGNED to help keep lorry drivers alert during long distance hauls a new device is currently being installed in vehicles which belong to Hungarocamion, Hungary's long-distance road transport company.

The Reacon, is a safety device which monitors a driver's reactions, and if these become sluggish, alerts him to possible danger by a combination of light and sound signals.

Mass production started at the Elektromobil Cooperative in Györ, western Hungary, earlier this year. The device has already attracted international interest and was on show at the Hamburg World Transport Exhibition in June. It has been patented in 12 countries.

Reacon is an electronic device, the size of a car radio. It can be installed in any road vehicle, needs no maintenance, and works at temperatures from +70° to −3° Centigrade.

Reacon registers a driver's reactions automatically from the time the hand brake is released. If these slow down, a small light starts to flash at irregular intervals. Failure to respond on the part of the driver, leads to a sound alarm, similar to the chirping of a bird. The driver must then touch both light and sound controls to deactivate the alarm.

If he still does not respond, the safety device goes into a third stage: emergency lights and sound signals on the outside of the vehicle are activated to warn other road users and the vehicle is brought to a halt.

Reacon is primarily designed to combat "motorway hypnosis" and is not intended for use in towns. As statistics indicate that a driver's exhaustion, slow reaction or tendency to fall asleep, cause more accidents than technical failure, it is expected to be a significant step forward towards greater road safety and has already attracted the attention of the European Road Safety Association.

Elektromobil, the producing company, is at present geared to produce 5,000 units a year, but is planning to increase capacity. Export is expected to start before the end of the year. Companies which have so far shown interest include Volvo, Mercedes, MAN and Sorice of France.

Further details from Press Sector, Hungarian Embassy, 16 Lowndes Close, London SW1X 8B2. 01-235 8630.

● DATA PROCESSING

Powerful aid for the design team

QUEST Automation of Ferndown, Dorset, is backing its Q-Draft range to give high speed digitising and generation facilities at low cost. Top of the bill is the Q-Draft 20 with full auto-routing and data capture.

Q-Draft 1 is a low-cost solution aimed at the first-time user. It can provide basic digitising facilities to convert drawn layouts into artwork or NC tapes. It has a single digitising station, a minicomputer and a dual drive floppy disc program/job data storage medium. Each drive has a capacity of 315K-bytes. The system feeds data either to an A3 flatbed pen-plotter or a paper tape punch.

If profiling and drilling information is included when the design is digitised, the output from the minicomputer can be used to drive production equipment (such as NC drilling machines). Production costs are therefore reduced since there is no need to generate tooling tapes manually.

Quest operates from Ferndown, Dorset, on 0202 891010.

● TRENCHING

Makes it safer when excavating

SHORCO HAS a new trench support system for the building market called the "Shorco Waler," produced to provide a quick, safe and economical support system for small trench excavations.

Designed and manufactured by Shorco, the walers are constructed of high-grade aluminium alloy supported by powerful hydraulic alloy struts. Controlled by a simple double-action hand pump used above ground, the units can safely be installed to provide a rigid structure for securing timber or sheets with the minimum of effort or risk. Shorco claims to have made its walers stronger than any other on the market. They will also be available for hire through distributors, and Shorco is at present looking for agents to provide contractors with a comprehensive supply network for hire or purchase throughout the UK.

Standard lengths are 2.67, 3.00, 4.00 and 5.00 metres with special lengths available on request. They are extruded in 172 mm x 100 mm sections for greater strength and durability. The hydraulic struts have a 63.5 mm internal diameter and are adjustable from 550 mm up to 4,000 mm fully extended using extensions and they have quick-release valves which can be operated from above ground.

Walers have been produced with inclined leading edges to minimise the risk of trench sheets snagging during placing. Chain suspension eyes for multiple framing are standard to ensure safer and faster installation and removal.

They provide the building industry with a trench support system that can be lifted and installed by hand on site, and which is strong enough to cope with most ground conditions.

Contex House, Dewsbury Road, Churwell, Leeds. Morley 522122.

Training in the desert

BEMUSED TRAVELLERS on a desert road to Mecca recently watched a team of SGB Export engineers excavate trenches in the sand—and promptly refill them.

Point of the exercise was to effect a training session for site labour in the use of Kring's trench lining system, says SGB Group, Mitcham, Surrey (01-648 3400), and resulted in an order worth £60,000 to the British company.

Philippino contractor CDCP is installing a complete new sewage and drainage system for Mecca (non-Moslems are prohibited from the sacred area encircling the city) and it was necessary for SGB engineers, with a Kring's representative, to go into the desert to train the contractor's labour on site.

SGB is sole distributor for Kring's trench lining systems in the Middle East.

● PROCESSING

Beads blast dirt away safely

GLASS BEADS, the size of pin heads, are employed in a machine as the primary cleaning agent for mechanical washing of empty boxes, announces Danish manufacturer, Maskinfabriken Myren.

A meat-packing factory in Copenhagen has adopted the method for coping with the cleaning of 3,000 boxes, used daily to handle, over the year, about 22m pounds of meat.

Previously, the boxes were cleaned by hand, hot water and tough detergents—the Pearl Matic manages with cold water, milder detergents and the small glass beads which scour the boxes clean.

Principally, the machine allows tiny glass beads to penetrate the surface tension of the water and at the same time to reach every single inaccessible corner of the boxes. No damage is caused to the articles being cleaned: which can be as many as 2,000 units an hour.

Method should prove particularly beneficial to supermarket chains which employ variously and intricately designed boxes and crates for delivery of consumer goods.

UK agent is K and I Agencies, Bank Chambers, 10a Hart Street, Henley-on-Thames, Oxon (04912 78425).

● MATERIALS

Water-proof sealant

DEVELOPED INITIALLY to provide fluid-tight seals between mine shaft walls and linings, a polymer—which is cross-linked during formation—can have many other applications throughout the construction sector or marine industry, announces Compagnie des Services Dowell Schlumberger, Drury House, Russell Street, London, WC2 (01-240 2652).

The material can be used for casings in gas and oil storage units and to seal tunnel linings.

When used, for example, in a confined joint configuration between the segmental liners of a tunnel, rubber like nature of the material makes it possible to assemble an air-tight as well as water-tight structure. This property can help to minimise compressed air costs while driving a tunnel under a river.

Furthermore, says the maker, any tendecy for water to leak through joints containing the material is counteracted, since the material swells tighter and blocks the leakage paths.

It is said to be self-extinguishing, to withstand acids, brines, ozone, ammonia hydrocarbons, and promises an indefinite life.

● HANDLING

Bags that last ten years

ANNIVERSARY OF intermediate handling bags (IHB's), which have had ten years' continuous use at Cow and Gate, Bourton, Dorset, was marked by a replacement delivery from Clyde Canvas, 92 Bay Street, Port Glasgow, Renfrewshire (0475 41261).

Made of non-toxic grade of pvc coated nylon, the bags measure 40 x 40 x 40 inches and each has a capacity of 300 kg. Webbing slings are fitted to facilitate handling and design includes a filler tube, air-release tube in the top section, and a controllable outlet tube fitted into the base.

These are used at Cow and Gate for handling and storing dried milk powder granules.

● METALWORKING

Presets accurately

ALMOST ALL types of metal-cutting tool can be pre-set on the Zoller EG 1800 to the degree of accuracy required for modern machine tools. This tool-setting machine is to be introduced to the British market by the cutting tool division of Hahn and Kolb (Great Britain).

As well as having facilities for pre-setting, the Zoller machine can also be used to measure the tool and to check its shape. An optical projector is installed to give a magnified view of the cutting tip. Measurements can be made in two axes. Positions along these axes are displayed by a digital read-out unit, which was specially designed for the machine and embodies a microprocessor.

Setting the cutting tools is, of course, a major cause of down-time of machine tools.

While it is well known that substantial savings could be obtained by pre-setting tools in their holders away from the machine, there have been many disappointments in practice. Tooling pre-set in a simple fixture may need considerable adjustment after installation before it performs satisfactorily: as a result, saving in down-time is small.

Turning tools boring bars, drills and milling cutters are among the tools that can be set on the Zoller. Fixtures are available for special equipment, such as Multifix quick-change tool holders. Each fixture is designed and built to give an extremely accurate location. For example, when adaptors are exchanged in the boring bar fixture, repeatability is said to be within ± 0.001 mm.

When preparing tooling for a numerically controlled machine, the operator need not pre-set each tool precisely. Instead, he can save time by setting the tool approximately to the desired position, and then measure the deviation. Co-ordinates displayed by the read-out of the Zoller EG 1800 would be used as tool correction factors, and could be fed directly into a numerical control system.

Three standard sizes of Zoller tool setting machine are produced: the measuring range of the largest is 620 mm x 500 mm.

Hahn and Kolb, Leicester Rd., Rugby. 0788 74261.

Shapes from sheet metal

HIGH-SPEED CNC sheet metal-working equipment specifically designed for the automated high precision machining of small sheet metal parts at low cost has been introduced to the UK by Trumpf Machine Tools.

Based on the 150 series, the Trumatic ELX is a computer numerical control punching and nibbling machine which can produce cut-outs and contours of any shape or size in sheet metal up to 6.4 mm thick in a working range of 1,060 mm by 625 mm.

An important point is the machine's ability to perform nibbling and forming operations with standard punching tools, which dramatically reduces tooling and service costs.

The NC adapted pre-set tooling system makes the most of production time and is designed to take tools up to 76 mm diameter in any of its 16 stations; the tools themselves are clamped hydraulically into the ram which takes severe off-centre loads and ensures maximum rigidity and minimum wear. A vacuum system for the positive removal of waste, and oil mist lubrication to the punch and die further prolong tool life.

The workpiece is held in the co-ordinate guide run on roller bearings, by means of small hydraulic clamps, and is moved by a series of DC servo motors. Collision of workpiece clamps and tool adaptor, and over-travel of the co-ordinate guide are prevented by safety limit switches.

Controlled by a microprocessor-based contouring unit using sub-routine techniques, a full circle programming facility programme storage and editing capabilities, the ELX can produce any present number of identical workpieces. The machine is suited to the electric and electronic industries for the economic production of high quality components with complex cut-outs, in short and medium production runs.

Trumpf Machine Tools, St. Albans, Herts.

BUSINESS AND INVESTMENT OPPORTUNITIES

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

U.S. executives 'not rotten rich'

BY JASON CRISP

"THE MEN who run America's top companies are hardly suffering, but neither are most of them getting rotten rich," says Forbes, the American business magazine, which has just examined the remuneration of chief-executives of the top 800 U.S. companies.

Readers may remember that Business Week, one of Forbes' rivals, recently found that the highest paid executive in the U.S. was David Mahoney, chief executive of the consumer giant Norton Simon, who collected a cool $2.037m in 1978.

But, according to Forbes' study, that is nothing to shout about. Meet Harry A. Merlo, chief executive of Louisiana-Pacific. Although his salary, bonus and director's fees were a meagre $353,500 you must add to that another $491,880 under the heading "contingent and other forms of remuneration," together with $31,300 entitled "personal and vested"—all of which takes him clearly over the bread line.

Harry Merlo

But where Mr. Merlo really outshines the opposition is when it comes to the payment of stock appreciation rights: $2.5m. Total remuneration $3.4m.

Indeed, the magazine found a further four chief executives who could call themselves, "two million dollar men." They were Steven Ross of Warner Communication, $2.4m; Thornton A. Wilson of Boeing, $2.1m; Mahoney of Norton-Simon and William Marquand of American Standard, both of whom edged into the $2m club with a few thou to spare.

Forbes found a further 14 chief executives could boast earnings in excess of $1m.

The total remuneration of the chief executives of all 800 companies examined totalled $245m, or an average of $306,000 apiece, which is 13.3 per cent higher than 1977 (4 per cent inflation adjusted), says the magazine. This compares with a 15.4 per cent increase in the profits of the top 500 U.S. companies.

Forbes reflects that none of these chief executives made in salary and bonuses (i.e., excluding stock appreciation rights, etc.) anything like the $2m plus that Jane Fonda grossed.

"Few would even have been rated well off in a gathering of independent Texas oilmen."

Seeking the right scenario for social forecasting

BY CHRISTOPHER LORENZ

EVERYONE HAS a pet explanation of why forecasting has got such a bad name in recent years. Most fall within these sorts of terms:

On the one hand, forecasters have concentrated too much on increasingly complex number-crunching techniques, often claiming ridiculous "exactitude" (sometimes to several decimal places). On the other hand, they have paid far too little attention to qualitative as opposed to quantitative factors, particularly social ones.

A growing body of opinion also holds that one of the key shortcomings has concerned the *application* of forecasts within client organisations.

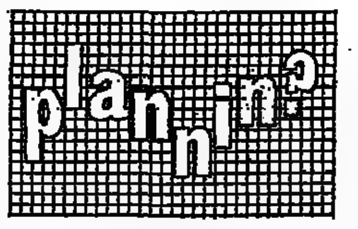
Most forecasting institutes and consultancies earn their living by producing generalised, all-purpose forecasts for large and broad-ranging clienteles: governments; companies in widely differing industrial sectors, together with other interest groups.

But some practitioners, in business schools and universities as well as industry, argue that, however good their technique, forecasts can only be really useful to the individual client organisation if they are carefully tailored to its needs, and presented in a way which persuades its managers to take heed, even if the message is an unpleasant one.

This is the philosophy behind the new forecasting unit at Bradford University's Management Centre (see this page, June 1).

All of which turns the spotlight on two new and ambitious forecasting services. Both were launched last year, one by the U.S.-based multinational Battelle Institute, the other by Britain's Henley Centre for Forecasting, and are now very much in what marketing men would call "the take-off phase."

Not only are they aimed at a large market—though they both



offer application sessions with individual clients—they are also trying to become pioneers in the provision of the most difficult service of all: socio-political forecasting.

The many differences between the two offerings include the fact that Battelle has adopted the fashionable term "scenarios" in place of the narrower "forecasts." It also includes social scenarios as an integral part of its much broader "BASICS" service (Battelle Scenario Inputs to Corporate Strategy).

The Henley Centre, by contrast, has added to its existing range of economic forecasting activities a specific service called "Planning for Social Change." Battelle's service is available across the world, while Henley's is limited to the UK for the present. Henley's has attracted about 25 clients so far; Battelle reports considerable interest, both in the U.S. and Europe, but is reluctant to be specific.

Battelle has developed its service from a series of single-client scenarios written for government and industrial organisations in recent years by several of its offices, both in the U.S. and Europe. One of the key innovations claimed for these scenarios has been the quantification of qualitative information, especially in the areas of social and legislative change.

Battelle has now standardised on a single methodology for scenario-writing, and it emphasises that the BASICS service includes the provision of data on how the conclusions were arrived at—an important item of knowledge for clients, yet one which many forecasters fail to provide.

BASICS consists of a complex package of services, from which clients can select the most appropriate to their needs. Its core is multiple (or "alternative") scenarios on a long list of topics, covering a range of possible five to ten-year trends, including "optimistic," "pessimistic" and "most probable."

The scenarios are of the so-called "path" variety, describing how the situation is likely to move from one point to another: "state" scenarios, by contrast, just describe a future situation at a specific point in time.

Battelle claims a series of other advantages, in terms of time required, cost and comprehensiveness, for multiple path scenarios over both conventional forecasting and systems analysis.

Some of the topics covered by BASICS are general (for example, Trends in Key Technologies, Trends in Oil Prices), others, geographic (e.g., Japan—Econmoic, Social, Political trends), and others sectoral (e.g., Automobile Industry, Steel). There are some specifically social topics (e.g., Corporations and Society), but most of the others also include social factors as part of the overall analysis.

One form of subscription, called Topic Membership, allows clients to subscribe to one or more of these topics. For each of them, written reports, seminars, workshops and in-company meetings are offered (the latter at an additional cost of $2,000 per consultant per day, plus travel). Updates may be available on an annual basis, also at an extra charge.

Subscription costs under this system depend on the number of topics a client wishes to take, the cost of each topic, and the operation of a discount system. Thus the annual cost of just one topic could be between $4,000 and $9,500, though a package of two topics could also cost $9,500.

A fuller type of subscription is Sustaining Group Membership, under which clients receive extra discounts on topic costs, together with four other services:—

- General access to the BASICS data bank.
- Free attendance at Topic seminars.
- Participation in "expert panels" used in the development of scenarios.
- A summary report describing the major findings of general interest derived each year from *the overall BASICS programme.*

The initial cost of this form of membership is $10,000 a year, excluding subscription for topics. As the database expands and the value of membership therefore rises, Battelle intends to increase the subscription costs.

The BASICS programme is directed from its Economics Programmes Office in Columbus, Ohio, though some of the work will be conducted by various *offices outside the U.S.*, and the programme manager is located in Frankfurt, West Germany.

The Henley Centre's social forecasting service, "Planning for Social Change, costs roughly the same as one of Battelle's Topics (£1,500 to £2,500, depending on whether the subscriber wants individual consultation with the Centre's staff). It claims to be the first forecasting service in the UK to *link social change with economic analysis* in a systematic fashion.

It brings together three sets of information:

- Social attitude data derived from the MONITOR survey conducted by Taylor Nelson and Associates, a leading market research consultancy.
- "A comprehensive survey of behavioural data from all manner of published sources."
- and the Centre's own *economic forecasts, which are* matched with the social forecasts.

The basic service, costing £1,500 pa, consists of three reports, plus a half-day consultation with two of the Centre's staff. In addition, the full service, costing about £2,500, provides more intensive consultation in the form of a series of meetings between client and the Centre's staff.

"K. W. Stachle, Associate Director, Battelle Economic Programs Office, P.O. Box 900 160, D6000 Frankfurt/M-90, West Germany. Tel. (0611)-790S1.

The Henley Centre for Forecasting, 2. Tudor Street, London EC4B 0AA. Tel: 01-353 9961.

Previous articles in this series appeared on June 27 and 29, and July 3 and 6.

Why were the brewers caught on the hop?

"I'M staggered how surprised businessmen are at social developments. They only needed to have thought a bit, or to have paid someone to advise them." Thus Maurice Peston, Professor of Economics at Queen Mary's College, London, at a symposium in London late last month on the growing fashion for "Social Forecasting."

To have a general conception of the many ways in which social attitudes and trends may move, is one thing. To be able to spot the few most likely trends is quite another, which is why the symposium, organised by the Henley Centre for Forecasting, carried the title, "Social Forecasting — Art, Science or Illusion?"

No-one should accuse the Henley Centre's staff of considering it an illusion (not unless you take the most cynical view imaginable of the integrity of forecasters): its new "Planning for Social Change" service is obviously seen as a most promising expansion of its forecasting activities.

But the extraordinary problems inherent in social forecasting as compared with economic forecasting were emphasised by several of the outside participants at the meeting, and some of the Centre's own forecasts for the 1980s came in for criticism.

As Professor Peston emphasised, social forecasting lacks a fundamental theory analagous with the root of all economic forecasting, namely the principle of profit maximisation. Taking the point further, Colin Crouch, Lecturer in Sociology at the London School of Economics, stressed the drawbacks of having such an extraordinary number of variables, and no unit of account to measure with. These problems apart, it was by definition impossible to forecast innovation, whether in social attitudes or anything else.

Commenting on a presentation at the meeting by Elizabeth Nelson, whose consultancy's MONITOR survey of attitudes makes a key contribution to the Henley Centre's new programme, Mr. Crouch supported the value of examining people's changing values and expectations. But he argued that analysis must go further and examine the social interest groups which will act as "carriers" of change. Otherwise, existing attitudes and values might simply be projected forward.

This, of course, is the classic error of so many past forecasts, even in the much "easier" realm of economics.

Looking back on the changes in consumer attitude over the last decade, Elizabeth Nelson argued that people should have been able to forecast the "back to nature" movement, and that "the growth of real ale shouldn't have caught the brewers on the hop" (sic). The next likely "bombshell" was changing attitudes to work, she said. Union declarations notwithstanding, she claimed to have detected a decline in demand for job security, and the "right to work."

Several of the outside delegates were critical of the apparent confidence of the Henley Centre-Nelson team in *their joint forecasts* for the 1980s—which they dub "a cautious and conservative era."

A leading urban and regional planner reiterated the old adage that "the only certainty about forecasting is that your forecasts will be wrong." Rather than using a big data bank, he argued that the most promising approach was to construct a framework for monitoring one's assumptions. Supporting his criticism, a planner from Shell emphasised the value of alternative scenarios.

The multiple scenario approach is not peculiar to Battelle—Shell itself is a pioneer of its use—but there is no doubt that Henley's critics reminded it of the "basics" of forecasting.

C.L.

Whitehall's dilemmas

GOVERNMENT decisions would be better informed if there were a clearer idea of future social developments, the Henley Symposium was told by Mrs. Shirley Williams, Minister of Education in the Labour Government until two months ago. Successful social forecasting could, for example, help in the decision about what skills teachers would need a decade from now.

Yet even demographic forecasting was proving difficult. Teacher training had been increased at a time when the birthrate was falling. Then, in 1978, the birthrate had increased; but no one knew why, and whether or not this was the start of a new trend.

LOMBARD

Woodman, grow that tree

BY CHRISTOPHER PARKES

LONG-STANDING international neglect of forestry policy is the common failing which links the death of millions of livestock and uncounted people who starved in the Sahel famines and the incalculable and irreparable flood damage to the treasures of Florence with the recent frosts which struck Brazil's coffee plantations.

Closer to home, similar neglect and myopia will cost Britain £2.5bn this year in bills for purchases of wood and wood products. Home production accounts for only 8 per cent of needs. And in the European Community as a whole the annual bill for such imports is second only to that for oil.

There are many other, less spectacular economic and environmental menaces creeping up on humanity because so little effort has been put into developing constructive and consistent forestry policy. Meteorologists and geographers have been warning for years of the dangers of reckless removal of trees for whatever reason—land reclamation, firewood, road building, paper or timber production.

Frost risk

As the Sahel's tree cover was stripped away the Sahara desert and its arid climate swept south. Unheeding developers cleared the woodland around Florence and when freak storms struck there was no tree cover left to slow the flow of water downhill, to absorb it or to divert it underground and save the city from disaster.

In a simple-minded attempt to protect their vital coffee industry the Brazilians moved plantations further towards the tropics, cutting down natural cover to make space. In the event, from recent occurrences, it appears that all they succeeded in doing was to move the frost-risk belt of the country into regions where sub-zero temperatures rarely occurred before.

The immediate cost was the loss of an estimated 30 per cent of the new year's coffee crop, worth around £1bn at present prices. And further losses resulting from deforestation are bound to occur.

Removal of trees has also been blamed for last year's droughts which cost Brazil many more millions from losses of coffee, soya and other crops. The loss of vital moisture from the soil and atmosphere which follows large-scale felling of timber and brush can have an irreversible impact on climate.

Elsewhere in the world deserts are expanding, climates are changing, flooding is worsening, arable land is suffering and rivers are silting up as a direct result of the unregulated and irresponsible removal of trees. Most of the critical damage to climate, topography and agriculture is being incurred in developing countries, but the lack of attention paid by politicians to the foresters, meteorologists and environmentalists is the same the world over.

The forested area of the EEC and North America is stable, but clearly that is not good enough. The UN Food and Agriculture Organisation recently forecast that by the turn of the century world output of softwoods will fall short of demand from the rapidly expanding pulp and timber industries.

At home the Economic Forestry Group, a consortium of private growers, warned that the decline in plantings has reached "alarming proportions."

The Forestry Commission announced with dismay that last year tree planting reached barely a third of the 18,000 hectare target.

Elsewhere the picture is grimmer. The woodlands of Africa, Asia and Latin America are being stripped away at the rate of 11m hectares a year. Replanting is minimal while world consumption of wood for all purposes is projected to grow from 2.5bn cubic metres in 1976 to 4bn by the mid-nineties.

The enduring, comforting presence of forests in our landscapes tends to lull most politicians into a happy sense of security. But too many choose to ignore that to grow a commercially useful tree normally takes 20 to 30 years.

The message

The tiny forestry division in the EEC Commission has been plugging away for years, attempting to get the message across the Nine's governments. Our own Forestry Commission and private growers appeal endlessly for action. But the seeds of commercial and environmental wisdom have yet to take root and the incentive and political direction have yet to blossom.

The management of memorability

FILM AND VIDEO

BY JOHN CHITTOCK

HEAD HUNTERS please note: at least three of the best-trained managers in Britain are currently self-employed or working in freelance capacities. Unfortunately, it is by no means certain that they would actually perform well as managers. Their remarkable qualification is that, as reviewers of industrial films, they are satiated with the quintessence of management advice—seeing in an average year more training films than a training officer might see in a lifetime.

Film works in strange and even insidious ways, implanting some images and ideas that stay forever with the viewer—yet also being instantly forgettable if lacking some of the magic ingredients of the cinema. For the busy reviewer of films, it means that only a tiny percentage of what is seen or experienced will remain for long in the memory. Casting my own mind back over recent weeks I have selected just five quite different films to test their memorability.

Mixed bag

As part of this exercise, I also invited two of my film critic colleagues to give me their own reactions to exposure from many years of seeing management training films.

Five films of recent times seen but not yet mentioned in this column cover a very mixed bag indeed—*Blinded by Science* (National Anti-Vivisection Society), *The Case of the Fantastical Passbook* (Abbey National Building Society), *Tell My Wife I Won't be Home for Dinner* (Management Training), *Grenfell of Labrador—The Great Adventure* (National Film Board of Canada) and *News from Nowhere* (National Film School).

All of these films were made for a purpose beyond mere entertainment. But without recourse to my Press hand-outs or notes, I have to confess that only two really stick in the memory—for reasons perhaps more concerned with their content than their form. The Abbey National film is a Sherlock Holmes spoof—good-natured stuff; and if I cheat and refer to the Press release I recall that it is about a mystery surrounding a passbook in which Holmes and Watson uncover various points about the building society's role as they pursue their investigations. Regrettably, the message is submerged in my unconscious because my overwhelming impressions of the film are almost exclusively those of the excellent characters who play Holmes and Watson; everything else seemed rather trite.

Some stronger feelings come with *Blinded by Science*, but they remain as disorganised as the rather jumpy construction of film. A number of distinguished people put their views about the inadequacies of the present laws governing experiments on animals—although avoiding the shock tactics used in the sponsor's earlier (and outstanding) film *The Curiosity that Kills the Cat*. But if emotional impact is being sacrificed for a rational approach, the style of this film is not lucid enough, precise enough, to really strike an intellectual chord. Only fleeting pictures remain in the memory, especially of Dr. Bernard Dixon, Editor of New Scientist, who provides some of the reasonableness that clearly this film intends to purvey.

Why then do two films in particular of the five I have chosen remain permanently imprinted in my memory? *Grenfell of Labrador* is a remarkable story of the heroism and determination of a British medical pioneer who established health services in the inhospitable terrain of Labrador during the early 1900s. Perhaps a seasoned viewer like myself remembers it because the details are gripping, the story fascinating and the telling convincing and explicit (especially the superb narration by Pierre Berton). For me now, the National Film Board of Canada, Grenfell and Labrador are fixed indelibly in a relationship that only a film could easily achieve.

The second success in my list of five was, unexpectedly, a graduate production from the National Film School. Made by Brenda Simson and Pascoe Macfarlane, *News from Nowhere* is a documentary account of Roberto Mander—who in 1978 was exiled from Italy to the small island of Linosa between Sicily and Africa. The film unfolds the political events which led to this primitive sce[illegible] and the resentful reactions of island's population who saw their territory becoming a new kind of open prison.

Although I am sure the film was politically motivated, it seems an objective account—ready to reflect the atmosphere of this sleepy island and its colourful inhabitants as much as recount the iniquities of the story. Held by the well-ordered narrative, drawn by the primitive atmosphere of this Mediterraean oasis, my impressions of the film remain vivid and positive.

Facile message

What then of the fifth, with its compelling title, *Tell My Wife I Won't Be Home for Dinner?* As three cameos of the chaotic management of time—seen through case histories of fictional managers played by George Cole, Bernard Cribbins and Wendy Craig—it is potentially pungent and pertinent. Regrettably, it is neither of these things to me. Its messages are obvious and even facile, its scripting and direction fail to exploit the natural humour of its stars (especially Miriam Karlin, who is totally miscast), and its construction is rather predictable.

Yet somewhere deep inside me I am sure that some of the lessons have sunk in, whatever my superficial reactions to the film—as, indeed, have the messages of *hundreds of other* management training films all insidiously trying to turn me into the Young/now Middle-Aged Businessman of the Year.

With that in mind, I asked two of my colleagues in this field what—after all this exposure to management training—were the lessons they had most strongly absorbed, perhaps even unconsciously? We arrived at our answers quite independently.

Ken Myer, who reviews industrial films in numerous publications, reckoned that to be a successful manager in behavioural terms, two priorities emerged: management of time (and he specifically mentions *Tell My Wife I Won't be Home for Dinner*—so it worked for him), and the avoidance of stress in employees. In techniques, he rated negotiating skills, decision-making and staff appraisal as the most important.

Clive Jones, another prolific writer in the business, rated behavioural priorities as leadership, listening and inquiring, and skills as critical path analysis, transactional analysis and time management (here not regarded as behaviour but again prompted by *Tell My Wife*).

Single goals

My own assessments, before receiving these responses, were different again. In behavioural terms, I rated the most important as keeping employees informed of decisions, understanding how different parts of the organisation need co-ordination to achieve single goals, and coping with customer needs. Skills I rated as most important were leadership, budgetary control and market forecasting.

Perhaps the head-hunters will now give us a wide-berth. Yet it is interesting that all of these points have been implanted in us over the years by films. If our responses are different, it proves not only how people react quite differently to films but how their needs as potential managers are different. At least we all have clear notions and conditioned responses to carry with us and apply unconsciously when meeting various situations. As a tribute to the medium, nothing better could be asked for.

Our Home to beat The Dancer

RACING

BY DOMINIC WIGAN

THE CHERRY HINTON Stakes is almost invariably won by a top-class two-year-old and I shall be surprised if today's fascinating renewal does not go to one in that category. In addition to the unbeaten trio made up of Abeer, Mother Earth and The Dancer, this six-furlong event for fillies on the July course, one of England's prettiest tracks, has attracted the much-vaunted Our Home.

Although it is easy to understand Willie Carson choosing Mother Earth, the easy winner of both her races, in preference to her stablemate, The Dancer, I suspect that the last-named could be the better. Both are trained by Dick Hern.

She and the Habitat filly, Our Home, are the two I like best in a 10-runner race which also sees the renewal of Ascot's rivalry between Abeer and Teacher's Pet.

The Dancer, a once-raced bay filly by Green Dancer out of the Charlottesville mare, Khazaeen, was in no way hard pressed to land the five-furlong Newbury Spring Festival Stakes on May 18. Sent into the lead a furlong from home on her local course, The Dancer, showed no signs of greenness and never looked like being caught.

At the line her closest pursuers were Mrs. Penny, Lady Tartown, Dearest Dorothy and Lady Downsview. The Kingsclere filly, Mrs. Penny, has another crack at The Dancer.

Our Home was all the rage for the June Fillies Stakes at Sandown just under four weeks' ago and was backed down to 6-4 in a field of 17 which included Wren Rocket. Although failing to justify that Newmarket gamble by three lengths at the hands of Our Home, a full sister to that brilliant two-year-old of a few seasons back, Roussalka, ran a fine race from a bad draw. She is narrowly preferred to The Dancer.

Later in the afternoon there should also be interesting events for the other two-year-old races, the Chesterfield Stakes and the Plantation Maiden Stakes.

Claerwen, a daughter of the 1,000 Guineas winner, Caergwrle, took the Ilsley Stakes at Newbury as a result of a "flyer" last month. I see no reason to oppose her in the Chesterfield while the Plantation (won a year ago by Troy) may go to the highly rated Karlinsky).

The Tote yesterday reported good support for Oldstock in the Spillers Stewards Cup and the Guy Harwood colt, a winner at Haydock on Saturday, is now a 12-1 chance.

NEWMARKET

2.00—Sunset Wonder**
2.30—Our Home*
3.00—Tudor Rhapsody
3.35—Milford
4.10—Claerwen
4.40—Bananas Foster
5.10—Karlinsky***

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.10 For Schools, Colleges. 1.15 pm News. 1.30 Ragtime. 3.40 Ar y Brig. 4.13 Regional News for England (except London). 4.15 Play School. 4.40 Roobarb. 4.45 Hunter's Gold. 5.10 Ask Aspel. 5.35 Captain Pugwash.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 Leo Sayer.
7.25 Centennial.
9.00 News.
9.25 Last of the Summer Wine.
9.55 Our Man in Caracas.
10.50 "Running Blind" by Desmond Bagley.
12.05 am Weather / Regional News.

All Regions as BBC1 except at the following times:

Scotland — 9.50 am Magic Roundabout. 9.55 Jackanory. 10.10 Don and Pete. 10.15 Desert Adventure. 10.40-11.00 Take Hart. 5.55-6.20 Reporting Scotland. 12.05 am News and Weather for Scotland.

Wales—4.45 pm Crystal Tipps and Allstair (cartoon). 4.50-5.10 Lladron Donaw. 5.55-6.20 Wales Today. 6.55-7.25 Heddiw. 12.05 am News and Weather for Wales.

Northern Ireland—4.13-4.15 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 12.05 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School (as BBC1 4.15 pm).
4.50 Open University.
6.55 What's Your Poison? or how to enjoy drinking.
7.20 Mid-Evening News.
7.30 It's a Small World.
7.40 Sandor Vegh Masterclass.
8.10 Brass Tacks.
9.00 Rhoda.
9.25 The Mayor of Casterbridge.
10.20 Portrait.
10.45 Outcasts on the China Seas: The ordeal of the Boat People.
11.25 Late News.
11.40 Closedown, reading.

LONDON

9.30 am A Place to Live. 9.45 Au Travail! 10.00 Farmhouse Kitchen. 10.30 Felix the Cat. 10.35 McMillan. 11.45 Mystery Island. 12.00 Paperplay. 12.10 pm Rainbow. 12.30 Emmerdale Farm. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 The National Gallery. 2.25 Racing from Newmarket. 3.50 The Entertainers. 4.20 Run-around. 4.45 Words on War. 5.15 pm Sam.
5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads.
7.00 Sapphire and Steel.
7.30 Thundercloud.
8.00 The Streets of San Francisco.
9.00 ITV Playhouse — St. Vitus's Dance.
10.00 News.
10.30 Camera.
11.00 Mavis Wanting to Know (Norman St. John Stevas).
11.30 Colgate World Mixed Golf Championship.
12.25 am Close: George Robertson reads from works in the Buddhist Tradition.

All ITV Regions as London except at the following times:

ANGLIA

10.30 am England Their England. 11.00 Witness to Yesterday. 11.25 Survial. 11.50 Cartoon Time. 1.20 pm Anglia News. 3.50 Cabbages and Kings. 5.15 The Squirrels. 6.00 About Anglia. 7.30 Feature Film: "Steel Town." 11.00 Inside Business. 11.30 Sidestreet. 12.30 am Themes.

ATV

†10.30 am Morning Cinema: "The Lady Vanishes" starring Margaret Lockwood and Michael Redgrave. 1.20 pm ATV Newsdesk. 3.50 Stars on Ice. 5.15 Dynomutt. 6.00 ATV Today. 7.30 Here Today, Here Tomorrow. 8.00 Charlie's Angels. 11.00 The Outsiders.

BORDER

†10.30 am Morning Cinema: "Convict 99" starring Will Hay. 1.20 pm Border News. 3.50 Untamed World. 5.15 The Great Yorkshire Show. 6.00 Lookaround Tuesday. 7.30 Film: "Force Five." 11.00 George Hamilton IV. 11.30 Sidestreet. 12.30 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where. 3.50 The Electric Theatre Show. 5.15 Stars on Ice. 6.00 Report at Six. 8.00 B.J. and the Bear. 10.28 Channel Late News. 11.00 Barney Miller. 11.30 The Sweeney. 12.25 am Visages de France.

GRAMPIAN

9.25 am First Thing. 10.30 The Choral World. 11.30 Spiderman. 1.20 pm Grampian News Headlines. 3.50 Stars on Ice. 5.15 The Great Yorkshire Show. 6.00 Grampian Today. 6.05 The Electric Theatre Show. 11.30 Reflections. 11.35 Power Without Glory. 12.30 am Grampian Late Night Headlines.

GRANADA

10.30 am Sesame Street. 11.25 The Beachcombers. 11.50 Look at Life. 1.20 pm Cartoon. 3.50 Gambit. 5.10 The Undersea Adventures of Captain Nemo. 5.15 Crossroads. 6.00 Granada Reports. 6.35 Cabbages and Kings. 7.35 The Tuesday Movie: "The Missing 24 Hours." 11.00 Late Night Movie: "Target Risk."

HTV

†10.35 am "Portrait of Jennie" starring Jennifer Jones, Joseph Cotten and Ethel Barrymore. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 3.50 The World Modern Rhythmic Gymnastics Championships. 5.15 Malotoons. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 The Squirrels. 7.30 The Tuesday Movie: "Shootout In A One Dog Town." 11.30 West Side Medical.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20-4.45 Goglis. 6.00-6.15 Y Dydd. 6.30-7.00 The Quiet Ways of Wales. 10.30 Bywyd. 11.15 World in Action. 11.45-12.40 am Westside Medical.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

†10.30 am Feature Film: "Pretty Baby." 1.25 pm News and Road and Weather. 3.50 The Electric Theatre Show. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today—Summer Extra. 6.30 Get Some In. 7.30 Feature Film: "Bless This House" starring Sidney James, Diana Coupland, Terry Scott and June Whitfield. 11.00 Late Call. 11.05 From the Top. 11.35 Pro-Celebrity Darts.

SOUTHERN

10.30 am Call It Macaroni. 11.00 David Hand Cartoon. 11.10 Animated Classics. 1.20 pm Southern News. 3.50 Get Some In. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day. 7.30 Colombo. 11.00 Southern News Extra. 11.10 Colgate World Mixed Golf Championships.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 10.30 "The Games" starring Michael Crawford and Stanley Baker. 1.20 pm North East News and Lookaround. 3.50 Time to Spare. 5.15 The Great Yorkshire Show. 6.00 Northern Life. 7.30 "Hijack" starring David Janssen. 11.00 Check It Out. 11.30 Mannix. 12.30 am Epilogue.

ULSTER

10.30 am Tuesday Morning Movie: "Rockets Galore." 1.20 pm Lunchtime. 3.50 Stars on Ice. 4.18 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.15 Milestones or Millstones. 6.30 The Best Disco In Town. 7.30 Rolf Harris. 8.00 The New Avengers. 11.00 The Outsiders. 12.00 Bedtime.

WESTWARD

10.30 am Sesame Street. 11.25 Call It Macaroni. 11.50 Cartoontime. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 3.50 The Electric Theatre Show. 5.15 Stars on Ice. 6.00 Westward Diary. 8.00 B.J. and the Bear. 10.28 Westward Late News. 11.00 Barney Miller. 11.30 The Sweeney. 12.25 am Faith for Life. 12.30 West Country Weather, Shipping Forecast.

YORKSHIRE

10.30 am Mumbly. 10.45 Beachcombers. 11.10 Off On A Comet. 1.20 pm Calendar News. 3.50 Cabbages and Kings. 5.15 The Great Yorkshire Show. 6.00 Calendar (Emley Moor and Belmont editions). 7.30 "Brenda Starr" (TV movie). 11.00 An Unbroken Tradition. 11.30 Sidestreet.

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Peter Powell. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.00 Personal Call. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.15 David Hamilton (S) including Racing from Newmarket. 4.15 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn (S). 6.45 Sports Desk. 7.02 On The Third Beat (S). 7.30 Sports Desk. 7.33 Folk 79 (S). 8.02 Nordring Festival 1978 (S). 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 Variety Club. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You And The Night And The Music with Jan Leeming (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overtures, part 1 (S). 8.00 News. 8.05 Overtures, part 2 (S). 9.00 News. 9.05 This Week's Composer, Scriabin (S). 10.05 Bach piano recital (S). 11.25 Beethoven's Op. 131 Quartet (S). 12.05 pm Cardiff Midday Prom, part 1 (S). 1.00 News. 1.05 The Arts Worldwide. 1.20 Cardiff Midday Prom, part 2 (S). 2.15 In Partnership. 3.00 Music from Bohemia (S). 3.35 BBC Symphony Orchestra (S). 4.55 Jazz Today (S). 5.25 Homeward Bound (S). ‡5.45 News. ‡5.50 Homeward Bound. ‡6.15 At Home. 7.10 Pied Piper (S). 7.30 BBC Northern Symphony Orchestra (S). 8.45 "No Charge For The Extra Service," comedy by Rhys Adrian (S). 9.25 Boccherini Concert, part 1 (S). 10.00 The Fantasy of Marxism. 10.20 Boccherini, part 2 (S). 11.00 BBC Symphony Orchestra (S). 11.55-12.00 News.

VHF only—6.00-7.00 am and 5.45-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Local Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 Thirty-Minute Theatre (S). 11.30 A Sideways Look At . . . 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.20 Desert Island Discs. 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Plays on 4. 3.10 Questions to the Prime Minister. 3.35 The Adventures of Harry Richmond (S). 4.30 Announcements. 4.35 Story Time. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather, programme news. 6.00 News. 6.30 Quote . . . Unquote (S). 7.00 News. 7.05 The Archers. 7.20 File On 4. 8.00 Libel (S). 8.45 Scientifically Speaking. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Lines From My Grandfather's Forehead. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

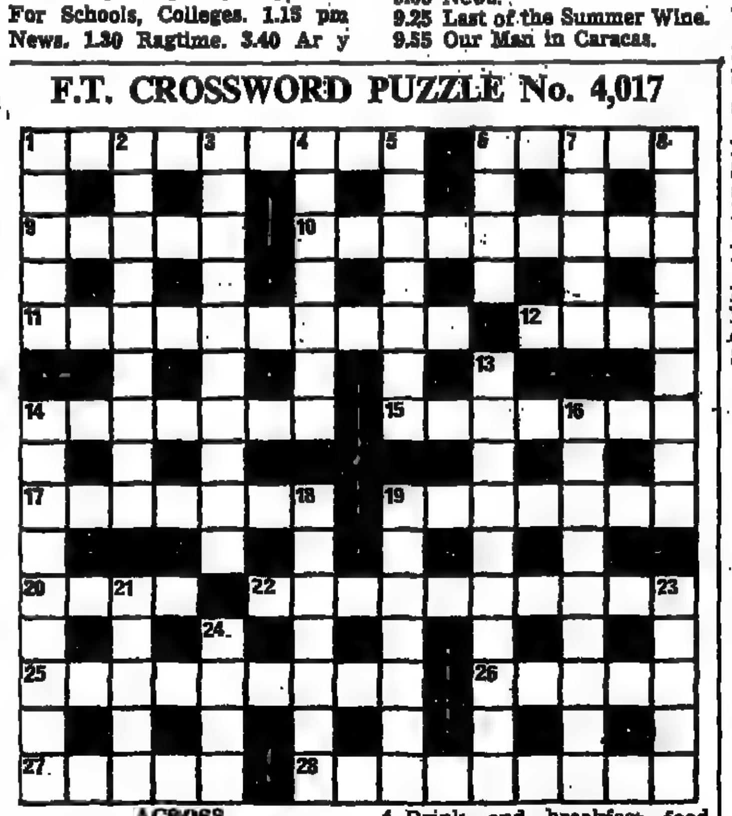
BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 London Live. 12.03 Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 All That Jazz. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time. 1.05-5.00 Joins Radio 2.

London Broadcasting

5.00 am Morning Music. 6.00 The AM Show. 10.00 Brian Hayes. 1.00-8.00 pm LBC Reports with George Gale at 3.00. 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

F.T. CROSSWORD PUZZLE No. 4,017



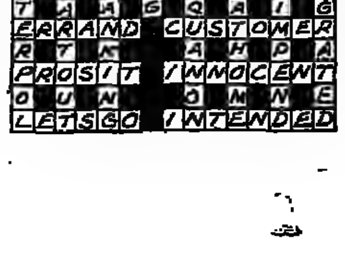
ACROSS

1 Inefficient without a smock (9)
6 Deserve an award (5)
9 Used anagram to conceal a type of chair (5)
10 Of the highest quality as stocks and pots may be (4-5)
11 Making fun of a member drawing (3-7)
12 Flog article and disappear outside (4)
14 Pre-eminent male sheep to get moving (5, 2)
15 Broken lamp in river could be a warning (7)
17 Soldiers stand a round and withdraw (7)
19 Engrave incorrectly for vindicator (7)
20 Pry in no particular direction (4)
22 Pay off people trading initially in local community (10)
25 Handled glasses in Covent Garden? (9)
26 Jockey seen on some scales (5)
27 Rascal has to regret letting in own goal (5)
28 Bird having separate crest (9)

DOWN

1 Textile fibre used to make sails (5)
2 Showing justifiable anger in excavation with Pole and worker (9)
3 Meat bound to be unspeakable? (6-4)
4 Drink and breakfast food before excursion flight (3-4)
5 Taciturnity said to be golden (7)
6 Qualified to encounter in conflict (4)
7 Royal drink coming up (5)
8 The first of them arranged bed ready for woolly toy (5-4)
13 Spice holder seen in front of the Lord Mayor (4-6)
14 He takes the breath from a foreigner embracing a learner (9)
16 Stupidly obstinate animal came first (3-6)
18 The heartless toper may be at the summit of growth (7)
19 A book to tolerate—about the largest insectivore? (3-4)
21 Nail a small shoot (5)
23 Concise part of later session (5)
24 One must admit church leader at any time (4)

Solution to Puzzle No. 4,016



ENTERTAINMENT GUIDE

OPERA & BALLET

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PEKING OPERA
Evgs. 7.30. "The evening is a Marvel . . . stupefyingly exotic and incomparable show." Guardian. "exceptional skills . . . astonishing display." [illegible]

THEATRES

DRURY LANE. CC. 01-836 8108. Evgs. 8 pm. Friday and Sat. 5 pm and 8.45 pm.
The Rio Extravaganza
BRASIL TROPICAL
[illegible]

THEATRES

ROYALTY. CC. 01-405 8004. Monday-Thursday evenings 8.00, Friday 5.30 and 8.45. Saturday 3.00 and 8.00.
BUBBLING BROWN SUGAR
"ONE OF THE MOST EXCITING MUSICALS FOR YEARS."
[illegible]

CINEMAS

[illegible]

FINANCIAL TIMES SURVEY

Tuesday July 10 1979

Word Processing

Developments in word processing, on show from today at the International Word Processing Exhibition at Wembley Conference Centre, suggest that there soon will be a rapid advance in this field. The likelihood is that office systems will become much more integrated and carry out an ever-increasing range of tasks.

Paper may go out of date

By Ted Schoeters

ENTIRELY paper-free, or so its promoters assert, an electronic and fully automated office has been operating in America on a sponsored demonstration basis for about a month. And the site chosen for this paperless marvel is Washington, the source of a veritable Niagara of documents for America and the rest of the world. The office itself is in the middle of the Watergate Complex.

Micronet Inc has assembled in its headquarters about £300,000-worth of equipment. This has been provided by a group of about 17 suppliers "on a very nominal" leasing basis. Among these suppliers are such well-known names as A. B. Dick, the Qwip Division of Exxon Enterprises, Plessey Peripheral Systems, National CSS and ECRM Inc.

Prominent among the array of units set up at Micronet are a series of word processors. But there are, or can be linked or used with various other devices forming part of the electronic office/electronic mail system—micrographics devices, optical character readers, automated retrieval units and, of course, telecommunications facilities.

Correspondence or other incoming mail is either micro-filed or magnetically stored after optical reading. Outgoing "paper" comes from the word processors—it could be replaced by text generated at the receiving end.

Two claims worth noting are that on filing alone, the paperless approach would save a medium-sized company about £500,000 over ten years. At the same time, Micronet's management claims that the ten employees running the £300,000-worth of electronic devices can do the work of about 50 people in companies not similarly equipped.

For the small company man who is trying to make up his mind whether to pay £8,000 or £10,000 for a word processor, all this may seem of little relevance. But for him, and for any other company, particularly one with numerous overseas links, the developments which have made Micronet possible are very significant indeed.

The word processor, in the next few years, undoubtedly will be the key to the new communications systems now being created. And as time goes by, the alternatives rapidly could become too expensive to use or too unreliable to trust—probably both.

Developments in this area will come very quickly. Predictions are that in the U.S., 300 out of the Fortune 500 companies will have installed some form of electronic mail system by 1982, despite the resistance of many executives to keyboards and displays. One consequence is expected to be a vast reduction in telephone calls, which should please most office-bound businessmen.

Underlining this prediction of a rapid advance is the recent study by Mackintosh Consultants made in an office electronics market research programme which has now passed its first year of activity.

Spending

For word processors, the overall European figure is close on £430m in 1983, reached through a year on year expansion of about 27 per cent. This is only a small proportion of total office spending on electronics since office computers are put at over £1,500bn by 1983 after a yearly growth of 49 per cent. But a high proportion will be small "single user office systems" with display and flexible disc store backing, operating to a high-quality serial printer. The latter will cope with both data handling and word processing.

Mackintosh finds that such systems will account for 70 per cent of the 1983 market and it appears that a good argument could be put forward for altering the forecast for word processors accordingly.

Certainly, IBM pointed the way to total office systems several years ago with System 6. ICL has followed suit, but the sharpest challenge comes from Wang, which claims world leadership in display-based word processors and which recently "converged" its latest products under this heading *with new models of office computers* by integrating word and data processing.

This was to give its processing work-stations practically all the capabilities they need to operate on their own and, at the same time, provide ability to work in the Basic language to its word processing systems.

The inference is that by the target date of the Mackintosh predictions it will be hard to tell one Wang office system from another—all will have word processing as a matter of course, together with communications, *electronic mail capability* and ability to talk to large IBM or IBM-type machines.

Does this mean that most of the suppliers of word processors on the UK market—there were 49 at the last count offering equipment between £4,000 and, say, £40,000—must disappear in the very short term if they do not prepare to offer all the facilities implicit in electronic mail or total communications?

The answer must be "no." But there will be increasing pressure for agreed standards, inherent capabilities, and a *modus vivendi because many of* the latter will already have suffered at the hands of intransigent computer manufacturers who do not make it particularly easy for users to shop around until they find the peripheral that suits them best.

It is with an eye to this evolution in the market that the Department of Industry earlier this year began a strategic study of the text processing market and the chances for UK companies to break into it internationally.

Under the aegis of the *Computer Services Association*, five consultants are working on sectors of the problem, according to their specialisations. They are: PE Consulting Group; Peat Marwick Mitchell; Logica VTS; Langton Information Systems; and Arthur Andersen and Co.

Their objective is to define the text processing market, having in mind that office costs in Britain and America now represent a substantial proportion of every company's total costs, whatever activities it may be engaged in. In some cases, this proportion is as much as 40-50 per cent and with rising salaries and charges for headquarters buildings in the larger cities, these figures can only increase.

Studies

Information handling studies will look at word processing, but also at electronic mail, electronic document storage (on videotape and other systems), *facsimile* transmission, data storage and retrieval by systems such as that embodied in the Post Office's Viewdata concept, optical page reading and so on. They will also examine the integration of all these functions.

First outcome of the work, which will cost £45,000 for its initial phase, will be to define areas of technology which need to be mastered by a company before it can move into text processing or supplying "corporate information systems" that could span the world.

This study is timely. Its outcome should be examined on a Europe-wide basis since part of it deals with communications and *since business data can* move over satellite links at speeds about 150 times faster than the highest-grade telephone lines now available. In the UK moves are being made in the right direction with GEC's acquisition of A. E. Dick and the Muirhead link with Nexos. But this is only the ground work. Where is the satellite?

But to come back to earth for a moment, for a dash of cold water from the Central Computer Agency which, in April, released a report on the use of word processors following a series of tests at the Department of Education and Science.

CA reported gains in efficiency of 10 to 70 per cent at a DES typing pool at Mowden Hall, Darlington. But it went on to say that cost justification would demand productivity increases of "80 per cent in London and 60 per cent in the provinces."

The comparison was not made against a typing pool filled with "old bangers" for typewriters, but against four electric ones including one with cassette memory.

Surely the answer is: "Find problem—Choose system" which is the message of "Guide to Word Processing Systems—1979" published by Computer Guides of London. This valuable book shows the businessman how to find the problem through work measurement and by following a questionnaire drawn up by well-known international consultants.

It says among many things that potential users should bear in mind that a word processor is likely to be in use for four years or longer and that the supplier's support will be required during that period. "It *is not sensible* to expect that information will be easier to obtain after a system has been acquired than beforehand."

The Jacquard J100 system which carries out simultaneous word and data processing with communications.

A view from the keyboard

ANGELA DONEK is an expert secretary working for Keith Conroy Associates (KCA). But pressure of work and running a home for her husband and two small children became so heavy in recent months that a decision had to be taken to lighten at least the office burden by installing a word processor.

KCA having Supertyper as a client, an FD-85 from the latter company was the result. This machine, designed and built in Britain, has a twin floppy disc for text storage, an alphanumeric keyboard not all that different from that of an electric typewriter and a Qume daisy-wheel printer served by an automatic single-sheet feed.

A single day was devoted to training, which was carried out on the spot—and the lady was on her own. First task was a small mail shot for a client, merging names and addresses and incorporating sales figures.

Angela soon realised that she would have to adjust office procedures as the Supertyper is a logical unit and any operation to be carried out on it must be planned through logically in advance. For instance, when copy is being edited, the pre-set steps the machine takes to erase incorrect words and insert amendments must be followed. Approaches possible on ordinary typewriters can no longer be used.

In record or edit modes everything, that is all instructions, must go through the keyboard if they are to be recorded. Moving the typehead or rolling up the paper manually will not register in memory.

But from the start she began to see the benefits. "I realised that it is more accurate and speedy and that I must expect things to take a little longer in the first few days. Also, once in the machine, all information can be updated at will, without lengthy retyping. And I do know that it will be absolutely correct each time, so no more laborious reading-back of copy!" she said.

It took one week's work after training to master the machine. Mistakes are picked up immediately by lights or bleeps and corrections are easy to carry out. Recorded dictation of copy is also handled directly on to the Supertyper, which differs very little from the company's Selectric except for the facility of being able to correct without having to retype, rub out, white out or read back.

Headache

The biggest job headache is in process of being eliminated. All addresses for Press distribution and mailing shots are being recorded. This will cut out a great deal of monotonous time-consuming repetition and meantime give greater freedom to concentrate on more interesting work.

Previously the consultancy had its releases printed outside. Now all the work can be done in-house, providing excellent copies for all and at the high speed of 45 characters per second. Important too is the availability, at the end of a telephone line, of expert advice.

Experience in this comparatively small London office is borne out in many types of business elsewhere. A conference on word processing held last May by Butler Cox and Partners was told by its consultant on systems ergonomics, Mr. Tom Stewart, that in many cases introduction of word processing had allowed companies to reduce secretarial and typing staff — a major bank had cut typing personnel in one division from 154 to 49.

Savings of this order were not uncommon, especially when the company took the opportunity to reorganise its secretarial and typing services at the same time. But sometimes savings were needed not so much to cut jobs as to enable existing staff to meet an increasing workload. With the acute shortage of typists and secretaries in London this method of operation may be the only way to maintain an acceptable secretarial service in the coming years.

He asserted that pressure to maximise typing productivity could have unfortunate side-effects on other secretarial services. There was little point in setting up "battery hen" central typing pools and leaving expensive executives to make their own photocopies and coffee—secretaries and typists accounted for 10 per cent of office costs while managers and professionals represented 60 per cent.

But word processing could make the latter more effective. It could improve the quality of written communications once authors realised how easy it was to change texts. In some offices managers were using the word processors themselves to make alterations. In such situations secretaries were getting more time to do what they should—act as assistants to their bosses.

But two characteristics of word processors militated against all the other favourable factors when compared with the ordinary typewriter. Many had light characters on a dark display and it could prove difficult to give operators enough light by which to read poor source documents. In addition, the operator can be required to oversee several units—keyboard, display, printer, discs, etc. and adopt an awkward position to keep everything within reach.

This may not appear to be a problem at first sight. It can be a major one for an operator who spends her whole day on this work.

At the same event Ms. Randy Goldfield of Booz Allen and Hamilton indicated that if England and Germany were five years behind the U.S. in word processing implementation, this was not a fact to be deplored—on the contrary. "Pioneers are the people that wind up with arrows in their back and their faces in the dust." Pioneer users in the U.S. were intensely interested in machines and much less in procedures or people.

Better experience taught them not to neglect procedures and that vendors would recommend any reorganisation that made selling and maintenance simpler and less costly for them—whatever it did to the client. But it had been realised that a secretary spent only 20 per cent of her time keyboarding and editing and so, narrowly viewed, all the current interest in word processing was aimed at one-fifth of her potential.

There was a great deal of interest in the U.S. about what to do with the other four-fifths. Here is where all the other electronic aids to office efficiency come in. Thus, despite the early trends in the U.S., staff training is more important than ever.

This is probably the best point at which to bring in a claim made by one sector of the industry—the optical character-reader (OCR) builders—that a relatively low proportion of run-of-the-mill office work goes over the word processor.

General Audio and Data Communications says it is 20 per cent, with the remainder still handled by ordinary typewriters. Lexiscan puts it in another way—that 45 per cent of a typist's time is spent in correcting errors or retyping. Both underline that the limiting factor to effective use is the speed with which the typist operates the processor's keyboard.

Where OCR comes in is to make every typewriter an input unit for the system, allowing the word processor to be used solely for the job at which it excels, namely editing and final copy preparation. OCR equipment has been around for years and was—at the outset—large, complex and very expensive. The advent of the microprocessor has allowed units costs to be cut by a factor of better than 10. At the same time the readers can put out coding to match any need and read a variety of founts.

The upshot of the development is, the manufacturers suggest, an improvement in word processor efficiency of 500 per cent by leaving all keyboarding to non-intelligent units and thus banishing input from the editing terminal. Office staff may view this possible development with some despondency since it would seem to close off one avenue of promotion. But events in the office world do not move all that fast.

Meanwhile, a branch of the International Word Processing Association—non-profit making and individual—has been set up in Britain.

It should be a fruitful source of advice and experience for managers and staff alike, especially as it is now seeking links with educational bodies to make the latter aware of what a career in word processing means.

Ted Schoeters

While the boss carries on dictation the Supertyper goes on working. This machine is designed and built in the UK.

Options open to the managers

AS WORD processing comes to appear more and more a necessity for the medium-sized to large organisation, the responsible executive—services, or data processing, or communications manager—is increasingly required to make a decision between which of the various word processing modes his company should opt for.

A number of variables will determine his choice. First, the size of the company, and its structure (one location, several locations, many branches) will tend to suggest either a centralised or decentralised mode.

Second, the tasks performed by word-processing equipment—whether there is a high proportion of standard documents, or a larger percentage of original material, or again a high proportion of material which must draw from centrally stored databanks—will indicate a choice.

Third, the destination of the output—whether it is for customers, or internal consumption, or both—will affect the decision.

Basic

To cope with the range of alternatives and possibilities, the manager has three basic choices: the central computer-linked system, the "stand-alone" system driven by its own mini- or micro-computer, and shared logic systems. Each has its advantages and drawbacks, though the latter two, and especially the last one, have grown in popularity and in the range available in recent years.

The central computer-linked route is one naturally suggested by a company where the data processing functions are already highly centralised, and where the tasks which are envisaged for the word processing equipment are likely to include a high proportion of sophisticated usages.

Any organisation where the terminal operators require fairly regular access to centrally-stored data—such as accounts or personnel files—is advised to use a type of integrated system, in which the word processing stations are an integral part of the overall computer system for the organisation.

Naturally, if such a route is taken, the amount of prior planning which must go into it is high. Managers must forecast both what the regular workflow through the stations will be, and make allowances for the peaks and bulges in that flow, as when a mass of material must be processed in a short time and thus extra space is required continually in the central computer.

Allowance for these peaks must be built into the programme from the initial design stage, or unacceptable delays will occur: the system will be found to be inflexible when it is most urgently required.

In this context, it is clear that data processing and word processing are—while similar functions—different in a crucial aspect. The first is much less "user reactive" than the second. Shorn of jargon, this means that data processing tends to work to a constant and predictable flow, while word processing, no matter how well planned, is subject to quite large fluctuations of flow. As in any such system, spare capacity must be kept available for the peaks, and so inevitably be

In brief, the advantages of such a mode may be economy: the ability to share space which may anyway be spare: the ability

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Users now getting what they want

INDESTRUCTIBLE Herb Grosch, one of the grand old men of computing, who cut his teeth on the first post-war commercial computers, sees little future for micro-driven personal hobbyist toys — electronic "hula-hoops."

Micro-processors and the micro-memories developed for them would help to turn "the dark satanic office into a happy place." They would take over the dull routines of letter sorting, handling and even writing, including checks on spelling.

Mr. Gosch warned manufacturers and sellers of equipment not to be too concerned with cost savings or the last drop of efficiency to be squeezed out of a machine. They should use their energies, he said, to produce equipment that would enhance the quality of the office product. Executives would rather have a machine that improves the content of a letter rather than grind out the same old stereotyped message for half or one-third the price.

This is indeed a conversion for Mr. Gosch, a big-machine man who took a long time to be converted to the belief that users would demand, and get, equipment that would compute on sites far from a company's central computer with little or no reference to the latter.

Had he looked around in Britain some five years ago, he might have found the first "Diamond," which also was the first stand-alone European word processor driven by a micro and using a screen, floppy discs and a daisy wheel printer.

Last year its makers, Data Recall, passed the £1 turnover level and that after sticking stubbornly to its stand-alone guns from the beginning. At Wembley this year, Diamond 5 will be unveiled. The company started the series with an Intel 8080 and 32K of random access memory. That has doubled and the Zilog 80X processor has replaced the earlier chip without price alterations but with the addition of several facilities such as ability to "talk" to another Diamond over the telephone.

Now the market for stand-alone processors is put at only 4 per cent of the total population in Europe. But there are many thousands of non-intelligent magnetic card units which have few capabilities other than memory and are the targets of successful designers such as Data Recall.

Faster

By 1983 80 per cent of installed word processors in Europe are expected to be stand-alones and production of such machines will grow at a rate seven times faster than the total word processing market, which itself is expanding at about 30 per cent yearly. And none of this would have been possible without the extremely rapid developments in micro-electronics of the past few years.

It is this type of forecast and the knowledge that even the simplest micro-based unit can make the magnetic card machine look like a toy that prompted Pat Cohen of Logica VTS to say of Nexos—the NEB-backed office electronics venture—that it had many advantages over the giants such as IBM and Xerox despite the vast amounts of research and development money they could spend.

The £40m given to Nexos might appear paltry by comparison, but that company was not hampered by a base of obsolete equipment into which any new development had to dovetail, while running the risk of an avalanche of returned equipment.

But Nexos is under the Keith Joseph axe, since co-operative ventures of this type do not conform to Conservative philosophy. Nevertheless, they represent the quickest way of getting such a complex product as an integrated electronic office to the market, without requiring comparatively small companies to master a technology (or technologies) with which they are not familiar.

Already Logica word processors have been demonstrated, working in conjunction with Muirhead facsimile equipment, these being the first two companies to back Nexos.

The *increasing* power of micro-electronics has been used in a different way by Olivetti to create its new electronic typewriters which contain a number of processors, a daisy-print-wheel and its drive *and nothing much else beyond a* few years' careful thought.

Two models, differing in the amount of information displayed, have memory enough to store a whole series of day-to-day phrases, addresses, etc., that occur in a company's correspondence. The memory *is* non-volatile so the data does not go if power is switched off.

Practically all hitherto mechanical functions have been automated—for instance subsequent sheets of paper are placed exactly where the typist decided to put the first one. And end-of-page warning is given several lines ahead. Auto*matic centring, pitch change* and vertical lining are also provided.

There is no carriage and the print head will cope with all European languages, while moving to another fount is practically "on demand." In fact Olivetti is presenting this series of machines as equipment which will speed up office work without any need for staff retraining. But to offer all these abilities in such a compact machine would have been impossible five years ago.

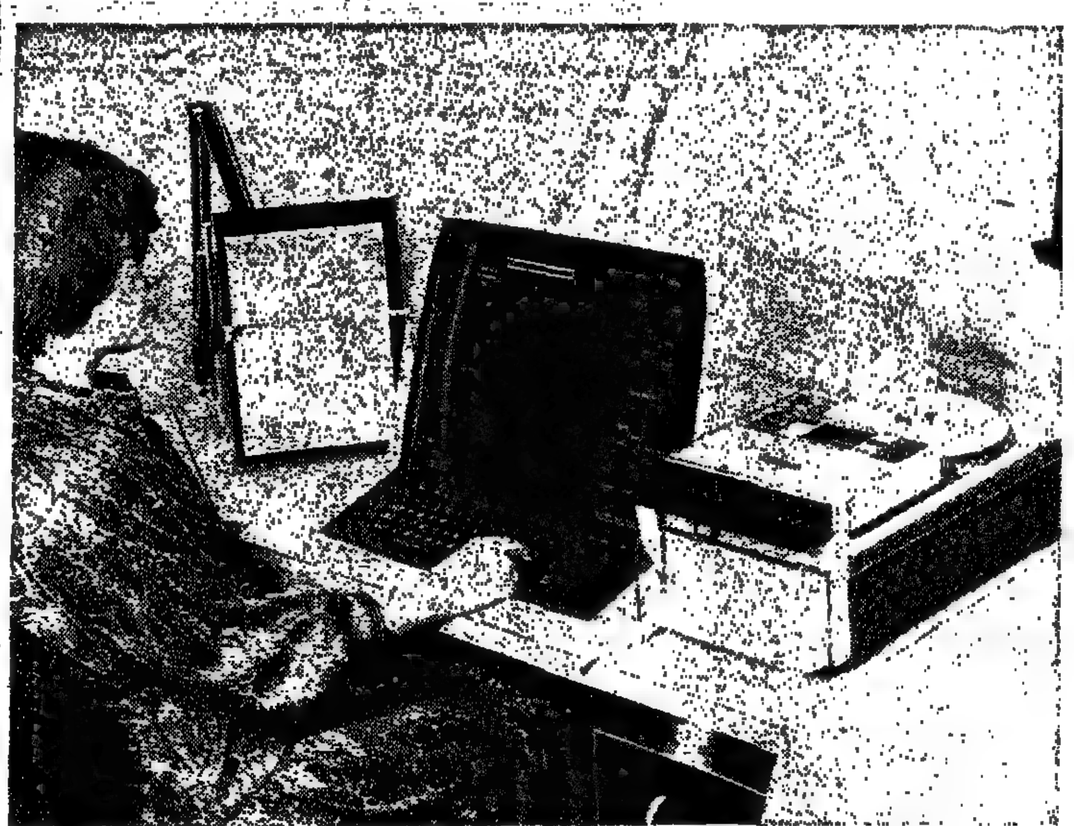
Many otherwise well-informed people wonder why, since individual micro devices cost only a few pounds, the end products still bear the same or higher price tags. The answer is two-fold.

Electronic drivers may be cheaper but they represent only a proportion of total equipment costs and anything mechanical or electro-mechanical is becoming expensive to make. *Programming* is also difficult and expensive, particularly with micro-processors.

At the same time any company hoping to stay ahead in electronics has to devote enormous resources to research and development. At Hewlett-Packard, *for instance, they are* roughly the same as the amount set aside as profits, a fact which should not be ignored by politicians and civil servants.

But it is out of daring development that significant innovation frequently comes — for instance the voice synthesiser in the teaching aid that Texas Instruments calls "Speak and Spell." Initially used in this semi-toy, the synthesiser will appear in many other types of equipment, together with plug-in vocabularies that will be used on future word-processors as spelling checkers. Whether this will allow designers ultimately to dispense with the display remains to be seen.

T.S.



Benefits of word processing and the production of Telex tape can be combined with Vydec editors.

Options

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to access a mass of data, which may be a necessary requirement of the system; and the necessity, imposed by the nature of the system, to plan carefully ahead. The drawbacks are that even a careful plan may need careful amendment; that any such system is to a degree inflexible; and that it can create unused capacity which may not always justify its cost.

Stand alone equipment tends to be the natural choice for the smaller organisation, or the organisation of any size where the stations are normally called on to perform "low level" tasks such as reproduction of standard documents. Stand alone processors are rapidly becoming more and more popular, as they are adopted by small businesses or by the branches of larger ones, and as the equipment itself becomes more sophisticated.

The increased sophistication depends on the increasing power of the micro-computers which drive it, and which can now give the user the possibility of combining both word processing and some data-processing capacity on the same stand alone processor computer.

Since a large number of word processing tasks will combine "low level" tasks, like standard copying, and "high level" tasks, such as accessing large databases, then increasingly it makes sense to evolve combined systems, where the stations can both stand alone and be linked to the centre. The caveat—that careful planning is essential — applies with even more force here than in the central computer linked route, since random accessing to the central computer without it could lead to major hold-ups.

However, as software becomes more and more sophisticated, as micro-processors come down in price and as central computers themselves become more powerful, flexible and more able to cope with peripheral demands, such systems are finding greater favour with the manufacturers and with the users.

The shared logic, or multi-station approach, which began to be developed about two years ago, is, according to its supporters, the most attractive to a number of types of user. Typically, these users would wish to install at least six and no more than 40 work stations (a visual display unit linked to a keyboard).

If fewer than six stations are required, the user will find it more economic to use stand-alone processors: once above 40, and the option of the mainframe becomes more attractive.

For the medium size user, however, shared logic processing systems, if efficiently used, can provide the slimmest answer. Such a system depends on a central processor designed for a word processing application, linked to storage facilities for the work stations, and to printers for their outputs.

Shared logic offers the advantages of a very large storage facility on which high amounts of information can be both stored and retrieved. While the initial outlay is much greater than that on stand-alone systems—though the prices tend to come down—experience in its proper use can lead to high levels of productivity and output, giving benefits of scale which a single stand-alone station cannot.

Second, the ability for logic-sharing work stations to communicate with another can be an asset for a business in which the stations are remote from each other, and where a large amount of intra-office memoranda must be passed. This is especially the case in organisations where the branches are geographically separated.

Third, the economies of scale extend not only to the central storage capacity, but in access to the printers—one or two can serve a number of stations—and to paper loading, where the central printers only need be loaded, rather than each individual station as is the case with stand-alone equipment.

Finally, though the manager still does have these three options from which to choose, the movement of the technology towards distributed processing, and the continuing adaptation of mainframes to this process, means that the three are not so clearly differentiable as two or three years ago.

John Lloyd

Above: Wang's new Office Information System can hold up to 2,000 pages on a 5-megabyte disc and supports up to 14 work stations like the one shown here. Left: The Olivetti TES 501 with automatic sheet feed will speed the production of lengthy documents.

Towards instant correspondence

COMPUTER TECHNOLOGISTS have a long and consistent history of blundering in their choice of words for new feats of invention.

The term "electronic mail" as an extension to that ugly expression "word processing" is not merely misleading, but even perhaps politically and commercially damaging.

Politically, the suggestion that electronics will be a substitute for postmen is inept at a time when computer-driven systems of all types are being evaluated, with distrust and suspicion by many different trade unions.

And commercially, the term "electronic mail" has an alien, futuristic ring which is misleading to those who are not experts in the subject. It seems to imply that, in some mysterious way, ordinary letters can be evaporated into electronics, trans-substantiated across the ether, and made to reappear magically in a remote location.

Computer people enjoy this sort of magic and the enthusiasm which it generates, and they coin phrases accordingly. In the ordinary conduct of business, however, such concepts are likely to put an unnecessary strain on the imaginations of people, for whom methods of communication are often incidental.

In fact, "electronic mail" has very little to do with the postal service, although it will be a competitive method of transferring some types of information. It is much more closely related to the old familiar Telex, and though it uses more sophisticated techniques, it is conceptually very little in advance of Telex.

The main difference is that electronic mail systems use as terminals, word processors (we cannot avoid the words now), which will generally be part of a modern secretary's normal equipment. After a document has been typed out, encoded in digital pulses and stored, usually on a tape or magnetic disc, it can obviously be transmitted down a wire to some other location.

Even in fairly simple systems the coded information is likely to travel a few metres down a wire from where it is typed to a printing unit in some other part of the room.

In principle, there is no reason why the wire should not be lengthened a few kilometres or a few hundred kilometres, so that the document can be printed in some remote office. A large number of similar machines can be interconnected so that the printer or display unit of one machine shows messages originated on another.

Devised

Moreover, switching networks are being devised to enable a message typed on one word processor to be sent simultaneously to a large number of different receiving stations. Typically a page of typing can be transmitted in about two seconds, but some systems are much faster.

Wang, the U.S. market leader in word processing systems, has recently announced a communications system which will link its terminals together and allow them also to be connected to a central computer.

Although the techniques for linking terminals are well advanced, the number of installations which would be dignified by the term "electronic mail" is small even in the U.S., and extremely small in Europe.

The reason is that communications systems which depend upon the possession of a specific and quite expensive piece of machinery cannot properly be compored with such a general delivery system as the postal service.

In the great majority of installations, the communicating ability of word processors is used for distributing information within a single organisation, sometimes in one site, but in other examples in many remote locations.

Texas Instruments, which has one of the most highly-developed systems in the world, uses satellite links to connect more than 5,000 terminals in its 48 plants distributed between 18 countries throughout the world. By the mid-1980s the company expects its information network to include 25,000 terminals and 10,000 mini-computers. It therefore promises to be one of the wonders of the world.

Power

The Texas Instrument system, by which a message typed in Dallas, Texas, can be flashed almost instantly on to screens in subsidiaries throughout the world (or vice versa) indicates the power of an electronic information network. But it also shows the limitations of the concept described as "electronic mail."

The TI satellite network is not essentially conceived as a substitute for mail. It is a giant computer network which enables design data, production figures, accounts and all other company information to be processed and made accessible throughout the world. The possibility of sending messages is an integral, but relatively small part of the total system.

A glance at technological trends reinforces the point that the separate identity of word processors is likely to merge with that of data processing terminals, and the concept of "electronic mail" will become scarcely distinguishable from that other types of distributed computer networks.

Wang had, indeed, recognised the same idea by laying down as corporate strategy the expansion of its sales of small to medium-sized computers.

Instead of specialised "word processing" and "data processing" equipment, companies will be able to buy sets of small computers and "intelligent" terminals (a terminal with some computing power) which will all be linked togther. Some of the machines plugging into the network will be specialised for producing documents, while others will be oriented towards data, but they will all be able to handle both.

This flexibility of design is not merely an accident of hardware. It springs logically from the fact that large parts of the data of many businesses are now stored on computers. It is clearly more efficient to transfer this data directly from one computer to another rather than to go through the old-fashioned process of sending tables of figures through the mail.

Since many letters and reports are intimately related to the statistical data of a company, it makes sense to integrate the production of documents with the data network.

This development of computer networks leads naturally to the idea that money can be transferred automatically from one bank account to another by computers talking to each other. This already happens extensively within the banking system for standing orders and more recently automatic cash dispensers.

The next stage of "electronic funds transfer" clearly will be to link the bank computer system with the computers of the larger retail stores. Already some of the larger stores have installed point of sale (POS) computer terminals in place of their old cash registers.

In principle, these terminals could be adapted to accept a credit card with a magnetic code which would enable the customers' bank account to be directly debited after a purchase without any cash, cheques or paper slips changing hands.

The great obstacle to this kind of system, as with any general spread of "electronic mail," is the difficulty of agreeing standard systems to apply for all customers of all banks and all makes of terminal in all shops—a formidable task. As often happens with computer applications, people turn out to be more complicated than the machines.

Max Wilkinson

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Management cautious about change

THE VERY mention of word processing conjures up prospects of perfect copies of letters and other printed material produced at great speeds and with fewer staff—generally that means secretaries—than is usually required. It also hints at the spectre of new technology, redundancies and confrontations with unions.

Managements are only too well aware of both pictures presented by the advent of word processing, particularly in more recent years when micro-processors have expanded enormously the range of capabilities of word-processing machines.

It is not surprising therefore that managements *think very* carefully before spending about £5,000 and upwards for a machine that offers great promises but demands a certain price for fulfilling them.

Certainly, widespread acceptance of word processing has been a long time coming. In the U.S., companies have been coming to terms fairly rapidly with what the technology offers. In the UK, on the other hand, there has been a much more guarded reaction and growth of the market has not been at the pace that the industry initially envisaged.

Reasons

There are many reasons why management is taking its time in coming to terms with word processing. A major factor according to many—albeit partisan—accounts within the industry is that there is an in-built aversion to change, a factor so often cited as being the cause of Britain's general slowness to adapt to change.

True though this may be there are other more tangible reasons for such resistance. Management has been led to believe that a powerful word processing machine—one that has the central computer to which can be connected a large number of work stations—can result in increased efficiency among typists and secretaries, and offer the prospect of reducing the number of staff. In reality they frequently find that they are unable to cut back on staff and that for an outlay of anything between, say, £15,000 and £30,000 they are getting more neatly produced material, but at the same labour costs as before.

If they should endeavour to implement staff cuts they find, not surprisingly, that the union involved will step in and resist such a move. The best that can be achieved is that no cuts are made initially, but that a vacancy is not filled when it arises.

Managements will generally find union resistance to be far *more aggressive when the introduction* of large word-processing machines is being contemplated. This is because not only is there the prospect of staff cuts but the whole pattern of working may be changed as well. It may be that the small central secretarial pool is to be enlarged and that a system of personal secretaries will be phased out. This throws up a whole host of questions, and thus problems, about status, pay differentials, and other factors. Far better to leave things as they are, managements will be tempted to say.

Many word processing machine manufacturers have come to the conclusion that any argument about increased efficiency of secretarial staff is the wrong tack to take initially when it comes to winning over management. They believe that instead, they must lay stress on the savings in management time that can be achieved, and that if they can get this message across the cost benefits of word processing machines become very clear.

The legal profession, for example, is frequently cited as being ideal for major increases in output. Legal documents must be free of any errors or corrections. Therefore, any secretary typing out some form of agreement will probably slow down considerably towards the end to avoid making a mistake which will require the document to be typed again.

The word processor, on the other hand, allows errors to be corrected, and additional words, or even paragraphs, inserted before a final print-out of the document is made. Furthermore, if, as is frequently the case, a standard legal document is being drawn up requiring insertions relevant to the particular client, the standard part of the document can be programmed into the word processing machine's computer and printed out automatically at any time.

It is in cases like these—where a manager will not have to bother about checking anything other than those details which are not a standard text—that considerable time-saving can be achieved, the manufacturers argue.

But while such savings in management time can undoubtedly be achieved, the word processing machine does virtually nothing to alter the content of the senior executive's job—it is the secretary and typist who reap the major benefit on this front. So other factors—some rather esoteric—are stressed to win the manager over. The quality of his type and printed materials will be much improved, it is claimed, and this will raise the quality of the image presented by the company to the outside world.

The speed with which developments have taken place must also add to management's indecision. The thought that by the time a machine has been installed and been in use for a short while a more powerful or flexible version will be on the market can be a deterrent. Certainly many of the models on the market can be leased, which provides some protection against the advances of technology, but it may not be the total answer. So the temptation *yet again is to leave* well alone.

Then there is the quiet battle being fought out between manufacturers over the merits of a word processor with a visual display unit (VDU) and one with a "thin window," which is akin to a conventional typewriter in the way that copy is printed out. "Thin window" suppliers, such as Data Dynamics, which markets the Artec machine, argue that their system is much easier on the eyes since there is none of the flicker associated with a VDU and that it is particularly suitable in cases where secretaries or typists have a lot of work to do with a machine.

On the other hand, VDU manufacturers such as Siemens maintain that it is much easier for alterations or corrections to be made with the aid of a screen since the operative has a much larger slice of text to work on. They also deny that operatives are troubled by the strain of reading a screen.

One thing is very likely. Any consideration of what machine should be used will bring management back to the question of under what conditions the users of word processing machines should work. That in turn leads back to the need to satisfy unions and to avoid upsetting the morale of a workforce.

Unquestionably, word processing machines offer the possibility of speeding up many areas of secretarial and typing work. But their introduction requires much more consideration than merely deciding to instal one.

Nicholas Leslie

Need to catch up on training

"DON'T THINK about it. Just keep doing it," bawled the Royal Navy instructor as we raw recruits battered big black typewriters in time to a tune called "Scatterbrain" played on a variable wind-up gramophone. "Don't let me catch you looking at your keys, neither!"

The tune's title was apt because success in that National Servicemen's course in touch-typing depended mainly on our becoming able to withdraw the mind completely from the process in hand. The key to efficiency was to establish a reflex link by which the words and figures of the text to be typed could travel uninterrupted from the eye to the well drilled fingers. And the fact that this essentially mindless skill has been drummed into millions of office workers as the foundation of their wage-earning ability could well be an obstacle to the effective use of the wide possibilities of word processing equipment.

Once installed, the technique of disconnecting the intellect can be readily re-activated. For example, on the rare occasion of a need to type out a previously written text, I can still rattle it out at 50 to 60 words a minute even when conducting a tolerably intelligent conversation with a colleague. And if tuned up by constant exercise to the tempo of "The Flight of the Bumblebee," the same technique easily can and often does become habitual, and enjoyably so. An efficient copy-typist could virtually be defined as someone who can keep the *folios flowing rhythmically* and accurately while planning the guest-list, menu and wardrobe for an impending engagement party.

The implication of this seems to be missed by many working organisations turning to word processors. Perhaps because a lot of the managers concerned are men who have never been drilled in touch-typing, there is a tendency to believe that office staff to whom intellect-disconnection has become second nature need only a bit of extra rote-learning as to which button does what, to become capable of producing an adequate return on the employer's investment in the expensive new equipment.

Gain

This is not to say that it is impossible to take basic office staff and equip them to work the machinery adequately in line with office procedures somewhat revised to permit the saving of a few salaries. But that is a different thing from gaining an adequate return on the investment — a gain which depends on the recognition of two possibilities.

The first is that the great versatility of word processing technology can allow established procedures to be completely redesigned, enabling necessary work to be done more effectively by a staff perhaps half the size employed before. The second is that the jobs of those remaining can also be redesigned so as to make use of the equipment, not just as a replacer of some people but as a "motivator" of the others, giving them the opportunity to increase both the depth and the range of their occupational skills in finding ways to work more effectively.

As usual, however, these possibilities cannot be realised without the prior acceptance of a "cost" which, on past experience, seems more often than not to prevent technological developments from being exploited to the full in white-collar occupations. The cost is an upheaval of working practices throughout the operation concerned.

One basic change which is generally required is in managers' perceptions of what is needed in the staff who will physically work the new equipment. Handing this task simply to the best practitioners at the copy-typing level will not necessarily produce the best result. If the technological possibilities are to be made to serve the organisation well, sheer mechanical skill and the ability to apply it to existing procedures will surely be less *important in the operator than* the capacity and interest to acquire an increasing understanding of the equipment, and to interact with senior staff in extending its profitable use. In this, the technique of disconnecting the intellect is virtually the opposite of what is needed.

But it is not necessarily wise either to hand the operator's job to someone at a higher level of work — concerned, for instance, with administrative as distinct from the correspondence aspects of an office. Such people might well respond more quickly than those doing basic tasks to the short conversion courses usually provided by the manufacturers of word-processors. but the longer-term result is liable to be against the employer's interests. Evidence has already appeared that, once the novelty has worn off, operators who have converted from the administrative type of work are far more likely to leave the company than are operators who have "stepped up" from more basic jobs.

Criteria

So far, this problem seems to have been tackled successfully in two different ways. One is to make the capacity for and interest in learning new skills the main criteria for selecting operators from junior staff. The *other is to reorganise the work* so that more senior employees mix administrative kinds of task with operating duties, perhaps according to a rota.

In either case, however, really profitable use of word processing technology calls for an investment in training of the people concerned, well beyond the usually short periods of tuition furnished by manufacturers. Indeed, if the possibilities are to be anywhere near fully exploited, the training requires to be extended beyond the operators and supervisors directly involved throughout the levels of staff right up to the management whose needs the forms of documentation adopted by the organisation are intended to serve. And at present the various kinds of training required are far short of being supplied by either the private or the public sectors of education.

At the basic levels, EVRO Management Skills, of West Wickham in Kent, has lately produced an audio-visual programme consisting of five "modules" which deal successively with the concept of word processing, the machinery, implications for different broad types of work, the applications of the new development and putting the applications into practice. As well as 50 colour slides and a synchronised commentary, the programme — which sells for £650—includes a written text of the commentary for subsequent revision.

Interval

The whole programme could be presented end-to-end in only about half a day, but rather than so risk overburdening people with concentrated instruction, it is probably better to run the course over several days with a decent interval for reflection after each module.

But in general the training world is only just starting on the road to supplying the courses required to generate competent operators and supervisors of word processing technology, and adapting their existing programmes for types of staff less directly affected so as to take due account of the development. Fortunately, the prospects of better and bigger supplies of training have recently been improved by the formation by the Business Equipment Trade Association of a special word processing education and training subcommittee under the chairmanship of Mr. Henry Goldberg, of ICL.

The sub-committee has al*ready enabled the needs of the* new technology to gain a hearing in several conferences concerned with broader aspects of management training, and from the autumn onwards will be staging specific conferences of its own. But there is another area where its attention is needed. At present the State colleges, in particular, are short of money to buy specimen equipment. It is time that the manufacturers were brought to realise that their collective self-interest would have much to gain by the supply of their products on generous terms to educational institutions which are keen and able to put it to good use.

Michael Dixon
Education Correspondent

IBM's Office System 6 has an optional feature which allows text and information distribution over public network lines and can be linked to a suitably programmed computer for access to files and information.

The big company networks

A GREAT deal is being talked and written about the "office of the future" but until recently *few people had been able to* put a finger on its essential characteristic—that is, interconnection on a wide geographical scale of the mass of equipment available now or shortly to be available put hand-in-hand with ability of the various units within an office to communicate with each other.

As seen by the head of the Office Technology Research Group of Pasadena, Mr. John Connell, this hypothetical office will have word processors with local and remote capability, electronic mail terminals associated with these, computer conferencing systems, local computer power with access to main company data banks, etc.

But there are very few electronic engineers who have experience of linking hitherto unconnected technologies, though some of these technologies are being used or applied remotely over very long communications links.

Gaps

Even IBM still has many gaps to close in this area, though it recently announced an office hybrid information distributor that combines word processing abilities with copying, memory, data communications and a laser printer. It uses microprocessors as managers and can store, manipulate or receive text generated internally or at some distant point linked by a telephone line. And to underline that "you can't win them all" is the fact that ICL will have a year's lead on IBM in providing the software needed for large computers to enable them to co-operate with word procesesors. ICL calls its product Wordskil Manager and it should be ready by August.

IBM's Distributed Office Support System, which will tie the 3370 communicating work processor into 370s, 3030s or 4300s, will not arrive until July/September 1980.

However, that is only one smallish corner of the total picture. And only a handful of companies are addressing themselves to providing a total corporate communications service.

The bell-wether is of course IBM with its Satellite Business Systems (SBS) affiliate and the target is the $100bn worth of business communications in the U.S. by 1985 ($60bn next year). SBS will have two smallish satellites in orbit in 1981 and will provide capacity for the equivalent of 14,000 voice circuits, but will offer computer to computer linking, fax, video, electronic mail, etc., presumablyaway to the larger multinationals.

Challenging IBM on this front is Xerox Corporation with Network Xten which, so far as can be gathered from the rather scanty details the big group has to date released, will offer document distribution, teleconferencing and data communications—the latter to include computing service on demand.

There is heavy emphasis on electronic mail here, and Xerox *has already proposed that only* those companies able to serve 100 cities should be allowed to enter this area. So electronic message services (EMS) would be limited to a handful of the biggest groups.

Xerox is believed to be well advanced towards satellite use, and so is Univac. But ITT has been making acquisitions that look very like an advance into the corporate total communications area, and so has Exxon.

In Europe Philips has been for several years a protagonist of advanced communications including TV phones to allow people to spend longer at their desks rather than in airport traffic jams and passport queues.

Several international companies have been saying more recently the same thing in different ways. Head of worldwide telecommunications at Fairchild Camera and Instrument, Mr. William Brasnell, indicated at a Dallas discussion on economics that while international communications facilities were expensive, they usually worked out much cheaper than moving people from place to place to achieve the same business goals. If jet fuel prices and hotel charges continue to grow at the present rate, it will be cheaper, in all instances, to communicate rather than travel.

An example of what his company (Fairchild) can do on its network is daily worldwide order entry inventory control operation. Many of the orders are from Europe, but concern products made in and shipped from Far Eastern sources. Focal point of the data traffic is two large IBM machines at Fairchild headquarters in California. Orders are fed into small computers (CA Syfas) in Europe *and despatched over alternate* voice/data circuits to Mountview. Network is fully loaded at all times, taking advantage of time zones and low speed teletype working.

This is only one example of a system of which counterparts can be found among many other multinationals. But the latter often have complained of difficulties in dealing with multiple PTT organisations, especially in Europe. If American providers of such services on an international basis are not to run with the market, the European PTTs *will have to* discard decades of mutual distrust.

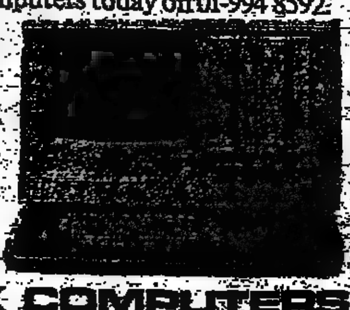
They must be well aware that it would be far cheaper for a few large European companies to band together and obtain their own satellite than pay current extortionate rates for speech, data and message transmission.

However, Europe might just manage to steal a technical *march* over America in the satellite communications field, despite the Intelsat network and SBS type services. ECS—for European Communications Satellite—is the name of the game. To be launched in 1981 and put into operation by 1983, it will be the first big experimental use of digital transmission *for international* communications and up to three years in advance of Intelsat despite the latter's years of experience and, currently, 13 synchronous "birds" strung out around the equator.

Of course part of the capacity with ECS will go to improving the Eurovision hook-up, as well as providing essential interlinking between European national networks. It also should be made available to providers of services comparable with those about to be offered in the U.S. *The reason is obvious* — leave a potential market untapped and organisations which have reached world stature on their marketing ability will soon fill it—

No single organisation anywhere is, so far, able to supply global corporate information handling services with the provision *of equipment* for users and to carry the traffic it generates. But how far from this goal are the large European companies for whom data processing or communications is essential business?

T.S.



Elizabeth Hall

András Schiff

by MAX LOPPERT

Though the young Hungarian pianist is already a familiar visitor to Britain, the recital of Bartok, Schubert, and Scarlatti on Sunday afternoon was his first on South Bank. Its pleasures were those of a well varied programme given with poetry, elegant musicianship and liveliness of temperament, and were substantial.

Mr. Schiff is an original. His performance of the Bartok Dance Suite, while shirking no demand for rhythmic vigour or dramatic gusto, eschewed gratuitous aggression; it showed how the composer's *martellato* piano writing can be made to sound both exciting and passionate without the necessity for human imitations of an active steam drill. One was newly conscious of the copiousness of Bartok's lyrical invention, because Mr. Schiff's imagination directed the ear to the lyrical twists and turns of each dance, colouring and shading them in tones sad, vivacious, or bold.

Strangely, a little of the flintiness avoided in Bartok entered the first movement of the Schubert D major sonata (D850); the alternation of repeated chord and twining triplets was a little impatient, and the unfolding of the discourse consequently prone to choppiness. The last two movements elicited the singing touch of a true Schubertian, and added thereto the playful humour of an exceptional one—there were darts and dashes in odd but delightful directions in the tick-tock rhythms of the Rondo, and passages of superfine articulation casting beams of luminous light on subordinate as well as on principal melodic voices.

Mr. Schiff's excellent habit of making every repeat—would that every player of Schubert sonatas followed his example!—enlarged a group of 13 Scarlatti sonatas into a full second half. Not every sonata was of strong intrinsic interest; and Mr. Schiff's meltingly affectionate way of handling cantabile phrases tended to stretch out one or two of the less interesting. But fire flickered in his sounding of "hunt" calls and martial fanfares, and exuberance marked his patterning out of dance metres—the last of the group, the B flat sonata, Kirkpatrick 545, was a celebration of sonorous trumpet voices and exhilarating drum beats. Presumably through no fault of the writer's, Martin Cooper's programme notes did not always describe the sonata the pianist had actually chosen to play.

Humphrey Lyttelton

Festival Hall

Louis Armstrong anniversary

by KEVIN HENRIQUES

Independent promoter and jazz devotee Michael Webber has steadfastly and nobly presented his annual salute to Louis Armstrong every year without fail since the initial concert held in 1970 to celebrate the trumpeter's 70th birthday. Every year around July 4, the day he was born in New Orleans, British (mostly) and American musicians have commemorated the trumpeter/singer/entertainer by playing in concert format on the South Bank tunes associated with him. These concerts have always been unsentimental, happy occasions when the music has been deeply evocative of the jazz master. Last Saturday's concert, the tenth, was no exception.

It brought together the two bands which inaugurated the series nine years ago, those of trumpeters Alex Welsh and Humphrey Lyttelton. Since then both bands have suffered key personnel changes, especially in the past year or so and Saturday provided an opportunity to revaluate the two groups which have solidly maintained a prominent place on the British jazz scene for 25 years and more.

The Welsh band seems to have taken longest to recover from the loss of three of its stalwart players and has yet to recapture its much remembered and admired sparkle and cohesion. On Saturday it was individual contributions which lingered in the memory: the Sidney Bechet-evoking soprano-sax of Al Gay on "Down in Honky Tonk Town"; the rhapsodic variations on "Wild Man Blues" so eloquently, so deftly played by pianist Fred Hunt and the exhilarating duo passage in "Willie the Weeper" by guitarist Jim Douglas and bassist Ron Matthewson whose virtuoso work in ensembles and imagination and wit in his solos was a wonder of the evening. Guesting with the band for some numbers was trumpeter Digby Fairweather whose gutsy playing has been much admired in these pages several times before.

The real revelation of the Lyttelton band was the leader himself, playing searing cornet and powerfully leading the ensemble passages with the fullest vigour and confidence in a way which Armstrong did so definitively for many years. From the band there was a memorable clarinet trio in "Cake Walking Babies," some silky, soulful trombone work from the stylish, always assured Roy Williams on "Memphis Blues" followed by a cracking two trumpet/clarinet/trombone/baritone-sax feature without rhythm section.

American guest singer with the band, Joe Lee Wilson, had the most contemporary and advanced approach of all the musicians (apart from the remarkable Matthewson). Though much of his material seemed to have little to do with Louis Armstrong his rich, wide-ranged powerful voice was a hit with the audience and his scatting reminded the historically aware that it was Louis Armstrong who was alleged to have first introduced scat singing in the mid-1920s on a recording of "Heebie Jeebies."

For a grand finale the two bands and their guests joined forces to spiritedly render an Alan Cohen arrangement of a Hoagy Carmichael tune, "Jubilee," which Armstrong recorded in the late 1930s. With scant rehearsal time the 18 not totally swinging men did a meritorious if, at times, shaky job.

London galleries

Summer shows

by WILLIAM PACKER

The London Art World is full of distinguished and clever women, and indeed without them it could hardly continue in its daily orbit. The private and commercial sector would seem to depend upon them quite as much as the public and institutional: they have got in everywhere, and, to twist a prejudice, there is no longer any wonder that they do so well. Our reliance is complete. Of them all, certainly in the field of 20th century art, though she may not particularly relish the epithet, Mrs. Juda is the undoubted doyenne.

In the course of the Seventies, Annely Juda Fine Art, her quiet and modest enterprise tucked in beside the Middlesex Hospital, has grown into one of London's best modern galleries, enjoying a wide and deserved reputation abroad, and at home a discriminate if still not exactly general recognition. She and her son David have played consistently to their strength, which is their deep personal knowledge of the constructivist tradition in European abstraction, and their active sympathy for those artists who continue to work within it. Nothing they do in this direction is more valued and enjoyed than their annual summer show, each one the latest instalment in a scholarly series that runs on under the general heading of the Non-Objective World.

This year the show is rather less ambitious than usual, but only in the sense that far fewer works are included, and these by a mere handful of artists. All of them are at least of some considerable significance, one or two of the first importance, and the actual quality of the work is extremely high. The collection is called Line and Movement, a somewhat generalised description that perhaps draws the attention too narrowly to certain formal preoccupations, though admittedly ones which these painters clearly isolated. But it remains mildly truistic, for the stability inherent in the vertical and horizontal line, and the dynamism in the diagonal, are inescapable: and line and movement could typify any exhibition there ever was. However, titles are not everything, and the particular judgment and *disposition of the artist the true* interest.

The work is generally small, most of it on paper and all the oil paintings modest enough in scale by modern standards. In date it spans the 30 years before 1940, more or less: and following it through, artist by artist, we can see how the principles of De Stijl were resolved and then, through the Thirties, softened into something more expansive and relaxed. The Mondrianesque studies by Vantongerloo in the later Twenties set against his larger paintings made in 1937, Fonction des Formes et des Couleurs, makes the point neatly, so near in spirit and kind, and yet so far.

There are excellent and fascinating things from Moholy-Nagy, Theo van Doesburg and Bart van der Leck, but the heart of the show, its overwhelming justification, beats upstairs where a magnificent painting by Mondrian swells beyond its physical limits to make the room seem rather too small for it. Made in 1921, it is one of the earliest of the simple rectilinear abstractions, the flat areas of colour defined by the fat black line, the artist just on the point of his final period of simplification and refinement. The extraordinary drawings alongside demonstrate with fine economy how he came to be there; cubist analysis and *fragmentation of the image*, and then an archtectonic frontality, finally the abandonment of the image altogether and the acceptance of the picture-plane, the surface of the canvas. (The exhibition continues until September 29.)

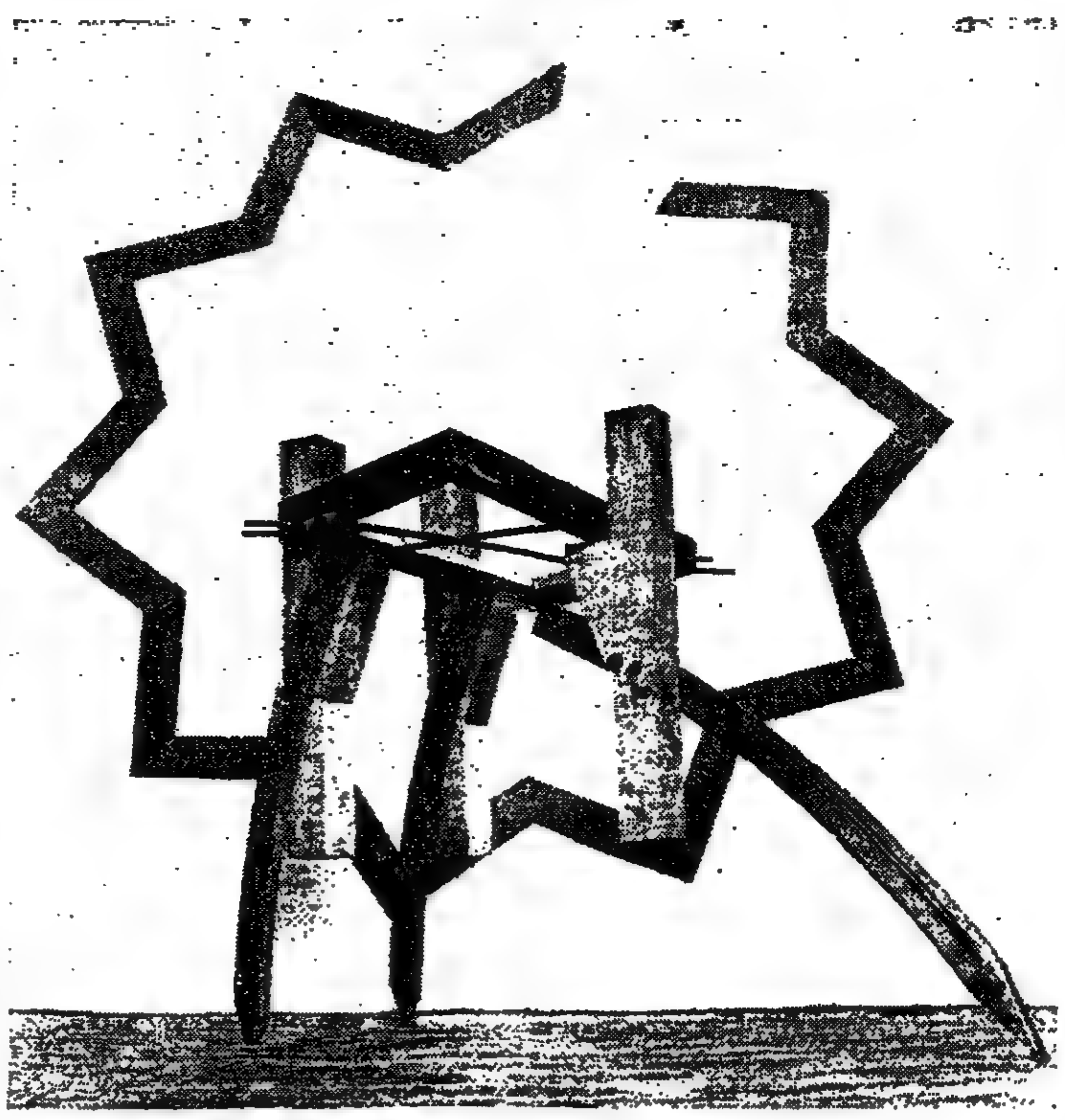
Meanwhile, at the ICA, Paul Neagu is showing the sculpture he has made in the past few years (until August 5). He is an émigré Rumanian who has lived in this country these past 10 years, and enjoyed a considerable critical success at the Serpentine six years ago. But he has remained something of an odd man out, nevertheless, unassimilated, at odds as much with himself, it seems, as with any English establishment: which *is not at all to say that* his work is no good.

The problem perhaps is the energy and creative restlessness that spawn such a profusion of things, drawings and graphics as well as sculpture. With them flood in all the jokes, conceits and hidden meanings of a man full of ideas. Signification takes over: and we suddenly realise, for all its physicality, invention and not infrequently its actual beauty, that Neagu's work has always been dangerously literal.

It is a relief, therefore, that this new work should be shown simply and for itself, with no gloss. The sculptures seem to me to be very fine, and I can accept, indeed revel in the ritual possibilities they imply, *though their formal relation to* the chalk circles is sometimes irritatingly casual. But ritual must remain implicit to retain its mystery, and I would rather not know of the significant spiral they describe when rocked: the broken stars on the walls, with their numerological resonances, are more potent unexplained, and more real. For the understanding works on many levels, and it is a mistake to suppose that function and symbol should always be explained.

Neagu's tripods, arches and circles are indeed mysterious, structures, arcane implements, totemic ploughs that might just break the surface of the imagination if not made safe. But all this is by the way. They exist first as sculpture or not at all: and here at the ICA, thrown rangily and awkwardly in each other's way, they begin to do just that.

This show was arranged by Sarah Kent, one of the last she will be concerned with at the ICA where she has been exhibition organiser and consultant for the past two or three years. That the institute is still taken seriously for its activity in the field of the visual arts is entirely to her credit: it *will miss her, as we all will*, and must be mad to let her go.



Sculpture by Paul Neagu.

New concert hall for Edinburgh

by RONALD CRICHTON

Freemasons' Hall, long familiar to Edinburgh Festival visitors as the home of morning chamber music, having become less easily available, a medium-sized alternative was urgently needed. Prompt action—amazingly prompt when one remembers the dilatory saga of the opera house that never was—came from the body now called the Scottish Philharmonic Society (Newington) Ltd., who secured, restored and converted the former Newington and St. Leonard's Church, a fine late Georgian building erected in 1823 in Clerk Street, Newington by Robert Brown of Edinburgh. In honour of the sovereign, who performed the opening ceremony last Friday, the transformed result has been named the Queen's Hall.

The interior, plain but elegant, is a horse-shoe with a gallery supported on slender columns, on three sides. Under the gallery the box pews remain, adjusted so that they are not as penitential as they look. Culture rarely looks enjoyable in Edinburgh, but for this once there is no need to tease the killjoy strain. Tucked away at the side there will be two bars, one of them large enough for "light meals," rehearsals and informal concerts. The restoring of the main hall has been nicely done in a discreet pale green. It swears with the red of the movable chairs in the centre of the ground floor, where the pews have been sacrificed on the (fairly) new altar of "flexibility," but such details can be put right. The general effect is pleasing and the speed with which the work has been carried out, it seems, in little over a year, most commendable.

The opening ceremony was followed by a short concert given by the three bodies for which the Scottish Philharmonic Society is responsible and whose home base the new hall will be—the Scottish Baroque Ensemble, Scottish Chamber *Orchestra and Scottish Philharmonic* Singers. All combined for Malcolm Williamson's specially written version of the National Anthem (with a dollop or two of local colour)—the Master of the Queen's Musick conducted this himself, kilted for the occasion. No doubt the version will be heard again: to tell the truth it looked and sounded a bit crowded on Friday, with more performers than the platform is intended to hold.

Of Scottish music proper there was an agreeable Sonata for strings (No. 5 in G) by the 18th century Edinburgh composer, William McGibbon. Alexander Garden, the talented young baritone who won this year's Ferrier competition, sang four of Williamson's English Lyrics, unrepentantly melodious yet slightly ambivalent — a deliberate, affectionate stylistic exercise. These works were done by the Baroque Ensemble (directed from the first violin's desk by Leonard Friedman). The Chamber Orchestra, under Roderick Brydon, played Mozart's Haffner Symphony and, with the Philharmonic Singers, Haydn's tonic Te Deum in C—how well Haydn knew how to write music for rulers—terse, to the point, easy without condescension yet full of surprises.

Too soon, after one short concert, to say much about the acoustics, except that the general impression was encouraging — though some details in a generally polished account of the Haffner were hard to catch, resonance and clarity seemed fairly balanced. At any rate, much more sympathetic than some well-intentioned but frigid new concert halls. What smaller combinations, including piano, sound like the *remaining concerts* of the opening series will presently show.

Gerald Moore birthday concert

The Songmakers' Almanac are to give a special concert at the Wigmore Hall, London, on Wednesday, August 1, to celebrate the 80th *birthday of their* patron, Gerald Moore, the previous day.

The concert, *Moore's Young Almanac*, will take the form of a song biography tracing the life and times of the celebrated accompanist.

Artists taking part include Felicity Lott, soprano; Anthony Rolfe Johnson, tenor; Richard Jackson, baritone; Graham Johnson, piano, but the content of their programme is announced as being "a closely guarded secret."

Gerald Moore has taken an interest in the Songmakers' Almanac right from its beginnings. He and his wife will be in the audience for the concert, which is expected to be full of surprises.

Book review

Dogleaf

by CLEMENT CRISP

Diaghilev by Richard Buckle. Weidenfeld and Nicolson, £12.50. 616 pages

Richard Buckle, in his Diaghilev Exhibitions in Edinburgh and London, revealed a flair in presentation that might have belonged to the presiding genius of those shows. *In the choice of material*, carefully assembled and skilfully displayed, the presence of the great man was strongly to be felt, the bright relics of his ballet company conveying not just the massive changes he wrought in the theatre of his time, but the vitality and power of his imagination. To walk through the galleries was to understand *Diaghilev*. In this detailed, scholarly new biography of Diaghilev the galleries seem over-crowded, and the impression of the subject less vital.

His admirable study of Nijinsky, published in 1971, showed Richard Buckle as a scrupulous annalist and illuminating commentator. He was the obvious and right choice for the biographical Everest that loomed next. But his problem has been one concerned with the sheer amount of what Diaghilev achieved, the long catalogue of artists, musicians, dancers associated with him—and his complex relationships with them—the inhibiting and ultimately overpowering mass of facts, names, places, contracts, hotel bills, and the existing bulk of memoirs and comments by those who knew him.

To find a way through this expanse of archive material, trying to avoid what has already been carefully covered by Haskell, Lifar, Kochno, Grigoriev in their varied books on the same subject, has led Buckle into producing a minutely documented account of the outward progress of Diaghilev's life and his various enterprises: *Mir Iskusstva*, the *exhibitions*, the concert and opera seasons—all these excellently done—and then, in 1909, the launching of the Ballet Russe. The manner is factual throughout (and the facts only fail him twice, as far as I can judge: Brianza was not "in her sixties" at the time of *The Sleeping Princess*, but 54 years old: Petipa was born in 1818). Detail piles on detail, name upon name—though some of these seem uninteresting and irrelevant: the *beau monde* at a party at the Fenice take up five precious lines of text: that a laundry list of social luminaries were larking in Venice in 1924 is of supreme unimportance, and exasperating to read when we learn, in the preface, that 70,000 words were excised from the text before publication.

The weight of factual material at once establishes this as the definitive biography of its subject. Like George Painter in his tremendous Proust study, Buckle has collated his sources with exceptional assiduity to chart Diaghilev's career. And like the name Dogleaf, which was *how a Kansas City police* captain called Diaghilev, we recognise the man in question, without feeling that full identification has been given.

The book is either too long or too short. My own wish is that Buckle should have been encouraged to produce a two-volume work, incorporating a history of the Ballet Russe and its antecedents in Diaghilev's creative life, as well as a biography of the man. Buckle's own talent, the insights that have ever made him a compellingly good critic and writer, and his elegant prose style, would have had proper room to assess and illuminate the nature of the company and the life of its master, placing both in their social and artistic setting. Dogleaf would then truly become Diaghilev.

BBC/IBA seminar at Edinburgh

BBC radio and the IBA are to join forces to mount a seminar during the 1979 Edinburgh International Festival. The seminar and lectures on the theme of *Radio—Art and Utility* will be held throughout Thursday August 23, at the Royal College of Physicians at 9 Queen Street, Edinburgh.

Aubrey Singer, managing director of BBC radio, will give a lecture in the morning. The ensuing discussion will be chaired by John Thompson, director of radio for the IBA.

In the afternoon, John Thompson will give a lecture, introduced by Richard Findlay.

Cheltenham Festival/Radio 3

Crosse's new Concerto

by DAVID MURRAY

Saturday night's Festival concert in Cheltenham, and a major première, fell to the Hallé Orchestra under Elgar Howarth. They made much of the grotesque splendours of *Le Chant du Rossignol*, the symphonic poem Stravinsky adapted from his opera, and shaped Debussy's *L'Après-midi d'un Faune* delicately and tenderly. With the Mussorgsky-Ravel *Pictures* still to come, it was the more impressive that Gordon Crosse's Cello Concerto Op.44 was so scrupulously prepared and so persuasive.

Most of *Crosse's* regular and recent preoccupations are represented in the work, which strikes me as one of his best. He is drawn to writing for solo instruments, and the cello rôle here is excellently idiomatic, telling and varied. His characteristic tone of voice, domestic-elegaic, is well suited to the plan of the piece, which has the epigraph "In Memoriam Luigi Dallapiccola" and is scored for modest forces. *His* taste for bell-sounds and tinkling diatonic ostinati is given rein in textures calculated to set off the cello beautifully. Long-sustained argument has not been his forte, but the apparently very sectional Concerto teems with subtle connections, and sounds continuously cogent.

The main divisions — an Elegia I and II interlocked with two Scherzos—overlap the two movement-breaks. The first Elegia alternates passionate protest with hushed reflection, and the second expands into a public lament which has Britten's Sinfonia da Requiem somewhere behind it; the first Scherzo springs and pounces in triple time, while the second seethes over a quintuple beat. The ingenious orchestral colours, generally muted with a good deal of picking-out by piano, celeste and harp, throw into relief the riches of original expressive detail in the music. At the end, after a substantial explosion, the Concerto is ushered out on a gently jaunty, near-mechanical march, capping the elusive but pungent suggestions of all the preceding music. This fascinating and immensely skilful work must be heard again soon—and played again by Rohan de Saram, whose magnificent account of the solo part was as intimately searching as it was virtuosic.

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Clarifying the law

THE Conservative Manifesto promised that a Tory Government would seek to strike "a fair balance between the rights and duties of the trade union movement." The Conservatives also have some justification for believing that one of the reasons they won the election was a sense of public unease that the balance between the interests of the unions and those of the rest of the community had slipped too far in the unions' favour. No one should be surprised therefore that the Government is now seeking to carry out its promises.

Three areas

The working paper published by the Department of Employment yesterday confines itself to the three areas where the Tories pledged action at once. They are the closed shop, the provision of public funds for union balloting, and the reform of the law relating to picketing.

The first two require little comment. Present legislation on the closed shop allows the dismissal of an employee for not being a member of a union unless the employee concerned genuinely objects to membership on grounds of religious belief. That exemption is far too narrow and is in any case faintly anachronistic: it is perfectly possible to object to membership of a union on grounds of convictions that have nothing to do with religion. It is entirely welcome that the Government is now proposing that the exemptions should be widened.

Again there is nothing especially controversial in the provision of public funds for union ballots. At the very least, it should make it impossible for unions to argue against the holding of postal ballots on grounds of expense. The system will be entirely voluntary for the unions to make what use of it they will. It is hardly a question on which anyone would wish to go to the barricades.

The courts

The proposals for the reform of the law relating to picketing, however, are more complicated and are likely to provoke considerable and perhaps heated debate. Essentially the Government is proposing the elimination of secondary picketing by limiting the right to picket to those who are directly involved in a dispute and by confining the activities of those who do picket to their own work-place.

But, says the working paper, that itself is not enough. It is also suggested that those who are not directly involved in a dispute should lose their immunities from the law if their actions led to breach of commercial contract. The qualification is that it would be up to the employer concerned to decide whether or not to initiate legal proceedings.

These proposals are now intended for discussion, and it would be as wrong for the unions to reject them out of hand as it would be for the Government to seek to push them through without consultation. Whether or not they are passed in their present form, however, it seems that the Government is trying to establish two principles which should not be lost sight of.

The first is that the law relating to picketing must be clarified. Existing law may or may not unduly favour the trade unions. The fact is that nobody seems to be quite sure of what the law is and few people have been ready to put it to the test in the courts. That is an unsatisfactory situation. The Government is thus proposing some clarification by redefining who is allowed to picket and where.

Antics

The second principle is that of redress in the courts. The Government, after all, confines itself to statute law. It is for employers to bring legal proceedings if they believe that the law is being broken. They may well choose not to do so, but at least it is right that they have the option and that the decision on whether or not to go to court should rest with the employer alone. As often as not, the decision will depend on whether the employers believe that legal action will improve or damage industrial relations. What matters is that they should exercise their own judgment. Sometimes the threat of going to court may be enough.

The discussions between the Government and the unions in the next few weeks could be difficult. Yet it is worth remembering that if the existing law had been clearer, some of the wilder antics last winter might not have happened. That would have been of benefit not only to the government of the day, but also to the unions. If the aim of clarification is kept in mind, it may yet be possible to reach an agreed solution.

Cold dawn in Ireland

THE STATEMENT by the Irish finance minister, Mr. George Colley, that the economic situation there is no cause for panic, is the most encouraging development in the Republic's economy for some months, though hardly in the sense which he intended. Reassuring statements from finance ministers are generally regarded as alarm signals; but at least Mr. Colley's statement suggests that below the surface the Government does realise that things have gone badly wrong. This is the development which gives some grounds for encouragement.

Until now, Mr. Colley and his colleagues seem to have been living in one of the heroic myths of Irish history. It is only a few weeks since Mr. Colley said publicly that the underlying inflation rate in the Republic was falling; in fact it is now expected to rise from the current 12 per cent annual rate (up from about 8 per cent a year earlier) to 18-20 per cent.

Unhappy trends

It is not much longer since Mr. Colley forecast to members of the investment community that the Irish pound would regain parity with sterling by the autumn; it is now at a discount of nearly 8 per cent (and the Government is trying to discourage the use of the Irish name for the currency, the punt, because it lends itself too readily to unkind jokes about sinking). This has been a grave blow to Irish national pride, but merely reflects sterling's uncharacteristic behaviour; what is more serious is that a quarter of the Irish reserves have been spent maintaining a stable position within the European Monetary System.

The central bank has clearly been aware of these unhappy trends rather earlier than the politicians, and the first result has been a very strong rise in Irish interest rates. Its attempts to restrict the excessive growth of bank lending have already driven three-month rates to 17½ per cent, and the squeeze is now to be intensified by selective calls for supplementary special deposits from those banks whose lending is most excessive.

This is highly necessary, since bank lending has risen by 10.9 per cent in the last two months, exhausting most of the rise planned for the full year. The excess credit has gone to finance an equally excessive deficit on visible trade.

Imports excess

It must be admitted at once that the British economy might be in a very similar state at present were it not for North Sea oil. We too are allowing an excessive growth of bank lending to finance a large excess of imports. Wage developments are roughly similar to those in the Republic, and were it not for the strength of sterling, the outlook for inflation would be at least as bad. However, the prospective growth of North Sea revenues does enable us to get away with an interlude of profligacy, and the Government plans to cut expenditure and reduce the borrowing requirement do hold out the hope of restored balance. The question for Ireland is how to contrive a recovery without enjoying the luck of the British.

The credit squeeze by the central bank can only be a holding operation; all experience suggests that until fiscal policy is brought into line with monetary objectives, lasting progress is nearly impossible. There is no doubt that a review of spending, and some increase of taxes (possibly an energy tax) to offset the rise in the borrowing requirement due to disappointing growth would do much to restore credibility.

Courage, not panic

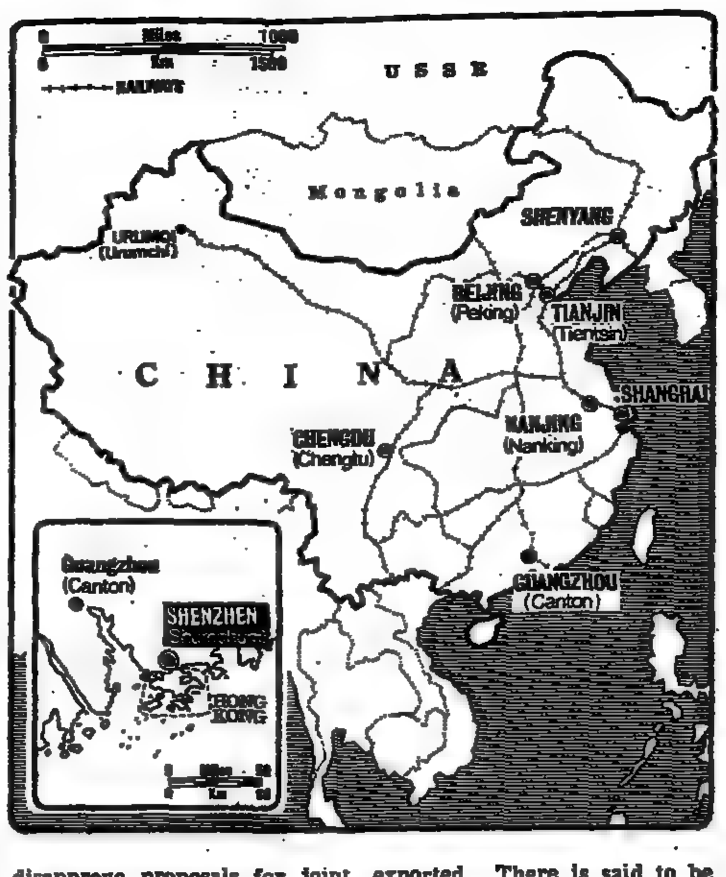
There is also some talk in Dublin of a possible realignment within the EMS. An outside observer can only urge that this should be avoided if at all possible, however painful the alternatives may be. The Irish economic miracle, like most progress in relatively poor countries, has depended heavily on a flow of external capital—which was freely available from London when the currencies were aligned. A stable exchange rate would greatly improve the chances of reviving that flow, perhaps from other sources. Courage, not panic, is what is required.

> "We must firmly reject and criticise all the decadent bourgeois systems, ideologies and ways of life of foreign countries. But this should in no way prevent us from learning the advanced sciences and technologies of capitalist countries and whatever is scientific in the management of their enterprises. In the industrially developed countries they run their enterprises with fewer people and greater efficiency and they know how to do business. All this should be learned well in accordance with our own principles in order to improve our work."
>
> —the late Chairman Mao Tse-tung on 'the Ten Major Relationships'

China: risks and rewards for foreign venturers

BY GEOFFREY OWEN

FOREIGN companies are to be allowed to return to China as owners or part-owners of industrial enterprises. The law on joint capital ventures which was published in Peking at the weekend represents a remarkable change of attitude on the part of the Chinese authorities towards foreign capitalists, who have been the target of contempt and ridicule for most of the past 30 years. China is not about to set out on the capitalist road, but the present rulers seem convinced that if the country's serious economic problems are to be solved they will need to make full use of the capital, technology and managerial skills available in foreign countries: joint ventures are seen as one way of tapping that resource.



For foreign companies, the attractions of China's raw materials, cheap labour and vast internal market are obvious. Optimists in Europe and the U.S. believe that they will be able to use China as a manufacturing base from which to attack Japan in Asian markets. Others fear that the task of grafting a Western-style business approach on to the Chinese political and economic system will prove impossible. That there is a potential community of interest between the Chinese and foreign companies is clear; the question is whether it will be strong enough to force a way through the inevitable practical problems that will arise as joint ventures are put into operation.

It was in the spring of last year that the Chinese authorities put out the first feelers on joint ventures. The reaction from the West was positive. Since then there have been lengthy discussions with potential investors and foreign lawyers on the legal framework which would permit joint venture companies to be set up. The brief document which has just been issued, following approval by the National People's Congress, goes about as far as, and in some cases further than, most foreign observers had been expecting.

Apart from protecting the foreign investor on such matters as the remittance of profits, it provides for know-how to be accepted as part of the investor's capital contribution. It states that the foreign equity share will normally be not less than 25 per cent but sets no upper limit, implying that in some cases majority or even 100 per cent foreign control may be permitted.

Most importantly, the document announces the creation of a new foreign investment commission which will approve or disapprove proposals for joint ventures, normally within three months of submission. The Chinese partner may be an agency of the central government, or more probably a provincial or municipal enterprise; foreign lawyers felt it was essential that the law should specify the top decision-making authority whose approval would clinch the deal.

The basis for agreement

While there are gaps and obscurities in the document, lawyers believe that it provides the basis for joint venture agreements, some of which are at an advanced stage of negotiation, to be finalised. One of the first may be a tape recorder project initiated by Toho Denki of Japan, in partnership with the China National Light Industrial Products Import and Export Corporation and the Shanghai Electronic Equipment Industry Corporation.

According to the Japanese newspaper, Nihon Keizai Shimbun, Toho Denki will hold 49 per cent of the venture. The plant is expected to have a capacity of 30,000 units a month by the end of this year, rising to 200,000 a month by 1980. Half the production will be sold in China, the other half exported. There is said to be a large potential demand in the U.S., where prospects have been greatly improved by the new trade agreement granting China most-favoured-nation treatment in the U.S. market. An existing Shanghai factory is to be re-equipped for the new venture.

It is possible that some of the co-operative production agreements which have been negotiated in China over the past 18 months will be converted into joint ventures. Some Japanese, American and European companies have been involved in these arrangements, but the most active have been Chinese entrepreneurs based in Hong Kong. For them China provides precisely those things of which Hong Kong is most short—land and labour. At the same time their ties of language and often of kinship make it easier for them to adjust to conditions on the mainland. There is a strong preference for sites just across the border in the Shenzhen area, so that problems of transport and communications are minimised.

Some are processing or assembly deals: the foreign company supplies raw materials and components which are processed by the Chinese for a fee. Garments and electronic circuit boards are two examples. Others take the form of compensation trade: the foreign partner supplies capital equipment the cost of which is repaid by products made with the equipment. (There are also cases of indirect compensation trade, where the imported equipment is paid for by other materials, such as coal, which the foreign company needs or is prepared to accept.)

Harpers International, a Sime Darby subsidiary which assembles Ford and Mitsubishi commercial vehicles in Hong Kong, is putting up an assembly plant just across the border in China. The plant is expected to start up towards the end of this year and it will begin by assembling 200 buses a year; later trucks and other special vehicles will be added. The supply of capital equipment is effectively a loan which will be paid off within five years. Despite high construction costs the Harpers management believes that the assembled vehicles will be competitive in cost and quality. As this company sees it, the new venture is both a useful supplement to its Hong Kong capacity and a bridgehead in China which could be developed into something much bigger. There are no present plans for selling any of the vehicles in China.

There are thought to be between 400 and 500 companies, mostly based in Hong Kong, which have either started production in China on the basis of compensation trade or are about to do so. Most of them are small, involving an investment of around HK$ 1m (about £100,000) and employing on average between 30 and 70 workers; textiles and electronics are the two most favoured sectors. The risk and commitment are limited. The foreign entrepreneur is looking for a sound commercial return on a three-five year timescale. If it grows into something bigger, so much the better, but it will be no great disaster if it fails.

Clearly ventures on this scale are not going to make a major contribution to solving China's employment or balance of payments problems. The hope on the Chinese side seems to be that joint ventures will provide a vehicle for injecting much larger amounts of foreign capital into the economy. Instead of a limited contract in which the Chinese side agrees to provide goods at a certain price and quality, there will be a long-term commitment on the part of the foreign investor and a genuine sharing in management as well as profits. Numbers of employees might range from 1,000 up to as many as 10,000.

Chinese officials point to electronic instruments and components, computers, meters and domestic appliances as the kind of products which they see as most suited for joint ventures. In major cities such as Shanghai and Tianjin there is a substantial electronics industry, but it lags behind Japan and the West in design and in manufacturing techniques. According to some observers China is probably as much as 20-25 years behind the U.S. in integrated circuits and other advanced-technology items.

Comparative advantage

The emphasis on electronics accords with the new priority which the Chinese Government now attaches to labour-intensive light industry. It is in this area, which includes textiles and food processing, where China should have a comparative advantage in world trade; investment in light industry is expected to provide the quickest returns in job creation and in the development of exports. Some foreign companies, however, are looking to other branches of engineering, including motor vehicles, for possible joint ventures; they think that mass production of standard items, using large amounts of labour and relatively mature technology, may be more appropriate for China than advanced electronics.

Will China be able to compete in these activities against Korea, Taiwan, Singapore, Hong Kong and the other fast-industrialising countries whose economies are already closely linked with Japan and the West? True, China has much lower labour costs, but the sceptics—of whom there are a fair number among businessmen and diplomats with a close knowledge of China—believe that this will be offset by numerous disadvantages.

Work rate and productivity are generally low in Chinese factories, partly because of the bad habits engendered during the Cultural Revolution when management's right to manage was seriously eroded. The structure of management within Chinese enterprises, with responsibility shared between the general manager and the secretary of the Communist Party committee, is not conducive to quick decisions.

More fundamental, perhaps, is the strangling effect of bureaucracy—at central, provincial and municipal levels—on the management of the individual enterprise. The supply of raw materials and the marketing of finished products are handled by a series of bureaux, agencies and corporations whose functions often overlap. Finding a way through this maze involves what one businessman describes as "a never-ending system of consultation and discussion."

Yet the Chinese are very much aware of these deficiencies and seem determined to correct them. Bonuses have been re-introduced in most factories as a spur to hard work. The autonomy of management is being enlarged; enterprises are being allowed to retain a higher proportion of their profits, while funds for capital investment are increasingly being supplied in the form of loans rather than grants. There is intense interest in professional management as developed in Japan and the West; new management schools have been set up. Attempts are being made to streamline the bureaucracy. There is much talk of blending the market economy and the planned economy.

These reforms will not have spectacular results in the short term; the inefficiences of the Chinese system are too deep-rooted for that. But they do provide a more favourable environment for the introduction of direct foreign investment. It is possible that the political winds could change and that the hostility to all things foreign which was associated with the so-called Gang of Four will return. For ideological reasons the role of foreign companies in China will always be limited, but the present leadership is taking the pragmatic view that, while the principle of self-reliance must be maintained, foreign assistance is needed and must be made welcome.

Some companies may feel that the risks of direct investment in China are too great, at least as far as large projects are involved. They may prefer to participate in China's modernisation in other ways, through licensing agreements, through the sale of technology and equipment and through compensation trading. But as in any other developing country, the biggest rewards are likely to go to those companies which are prepared to make a long-term commitment towards helping China achieve her economic objectives.

MEN AND MATTERS

It takes billions to Quango

Philip Holland, the Tory MP who has caused such a furore with his book Quango, Quango, Quango is unabashed about his own contribution to public spending—the many Parliamentary Questions he tabled to collect his information.

The average cost of providing the answers is now about £27. "I have used every Parliamentary question about Quangos in the last five years to get some information," he tells me. "And in the last three and a half years I myself have tabled more than 200, and some of my colleagues—on both sides of the House—have picked up on different aspects and asked more."

Whatever this investigation has cost pales into insignificance when compared with the public money absorbed by the 3,068 Quangos he has so far identified. Holland says he is now trying to work out a total. The 390 whose accounts he has so far examined, get through, he calculates, £1.2bn a year.

But compiling even limited information on Quangos has taken "a lot of prodding." The answers in Parliament were and still are, often incomplete, or contradict one another. He is not even confident that 3,068 is the whole story. No-one knows exactly how many there are, and no minister has been responsible for keeping even a list of all official bodies, he says.

One confusing factor is that large Quangos spawn an indeterminate number of little Quangos: "If you take the Metrication Board, it was set up in 1960 without any reference to Parliament. This has a chairman and 12 members. They in turn set up eight steering committees, one for each different subject, and that created 104 more vacancies, and of course eight more chairmanships. . . . I will just keep bashing on until their numbers are reduced."

"Secondary picketing, I expect!"

Forest frolics

Robin Hood may once again be given the freedom of Sherwood Forest, thanks to the initiative of a Welsh-born ex-actor named Chris Kliszewicz. The role of the Sheriff of Nottingham has today been taken by Mansfield District Council, which has yet to yield planning permission to make possible the opening of a £3m "theme park" in which the medieval freebooter and his merry men will run riot.

With a consortium of backers, the 33-year-old Kliszewicz has founded Adventureland, to create a home-grown Disneyland, giving "an entertainment centre suitable for all the family, with educational benefits and providing a totally new experience."

The new experience will include dungeons and torture chambers, beer-drinking contests, and an outlaw club for boys who fancy defying the system. The park will cover 470 acres, 12 miles north of Nottingham. "We expect tourists from all over the world, not just from the Midlands," says Kliszewicz.

Unwary parents will have to guard against the chance of being locked in a pillory and pelted with rotten tomatoes. But they will also be able to enjoy "medieval banquets" and Morris dancing.

Nice enough

I gather that Morris Shenker, owner of Dunes Corporation which operates the biggest casinos in Las Vegas, has made a bid to take over the troubled gambling industry in Nice. He conjures up a vision of Jumbo-loads of American tourists following in his wake, giving Monte Carlo a serious run for its money.

Shenker is keen to obtain monopoly control over the city's three gambling centres—the Palais de la Mediterranee (closed for months and occupied by its staff), the Casino Club, and the Ruhl, France's second-ranking casino. If the deal goes through, Shenker would at the same time acquire 14,000 sq. metres of property for development around the Palais de la Mediterranee, plus the virtually abandoned Victorine Film Studios overlooking Nice.

Negotiations on the French side are being handled by the mayor of Nice, Jacques Medecin, a former minister of tourism. He is particularly anxious to sell the Palais de la Mediterranee as quickly as possible. It is saddled with debts of FFr 35m and, into the bargain, its lease is about to expire.

The mayor is not in a position to drive a very hard bargain. He says glumly: "When I look round for someone to take it over I sometimes feel like a father trying to dispose of an unmarried daughter, with a card round her neck saying: 'I have a terrible disease'."

Bosses unite

A Press conference of a startling kind will be held today in Bilbao. At it, 800 firms in the Basque country will threaten to go into temporary receivership, as part of a political manoeuvre to draw attention to the region's economic difficulties.

One leading industrialist who has already thrown down this gauntlet is Luis Olarra, the self-made king of the Basque steel industry. As well as using the unique Spanish law to put his company "on ice" he has done a disappearing act. The Press conference has been called in his name—he is president of the Basque Employers' Federation — but nobody knows whether he is actually in the country.

Lost lords

A House of Lords ritual which occurs at the start of every new Parliament has just produced a few surprises. This concerns the lords who have been granted leave of absence for the life of the parliament. The Lord Chancellor is charged with the job of writing to the 1,100 peers, asking them if they want to attend, the aim is to let Westminster have some idea of who may be using their votes and powers of oratory.

The ritual has now produced 198 lords who have either firmly declared their intention to stay away, or have ignored reminders and so are assumed to be uninterested in exercising their rights. Most of these are hereditary "backwoodsmen;" only a handful are life peers.

Three names catch my eye. One is that of Lord Briginshaw. But after all, he has catigated the Lords as an "outmoded anachronism." The second is Lady Falkender, never an active participant in the business of the House since she was ennobled in 1974. The third is Lord Kagan, last heard of in Spain.

Observer

Leasing on the treadmill

BY DAVID FREUD AND MICHAEL LAFFERTY

LEASING

The LESSEE leases a piece of capital equipment from the LESSOR, thereby avoiding the need for a straightforward purchase and stretching the cost of the equipment over a period of years. The LESSOR, who remains owner of the equipment, may set off the cost to him of purchasing it against his tax liability in the year of purchase. Since a tax liability subsequently arises on the payments from the LESSEE, payment of tax can only be averted in the following years if the income is offset by further acquisitions of items intended to be leased. As the business becomes profitable and expands, the volume of new leasing has to grow constantly to keep pace with income.

THE RAPID expansion of the leasing industry over the last few years has caused growing concern in official quarters, for several reasons. There are fears that the growth might contribute to financial instability and that too many people are using leasing purely to save taxes. There is also a mounting belief that leasing might not be the most effective way of channelling resources in economic terms.

In a recent speech Mr. Gordon Richardson, Governor of the Bank of England, said that because of the risk element in the leasing relationship "we must continue to take a close interest" in the industry. There was, he pointed out, some concern that the industry's growth might cause "some risk of instability."

His speech was preceded by the announcement in the budget speech of tax changes to curb car leasing—the fastest growing area of leasing.

This change was well signposted in advance and restores the intended position when the legislation governing car leasing was originally framed. However, it is unlikely to be an isolated move. The Inland Revenue plans to launch a study of leasing in the context of tax avoidance.

In practice, since the UK industry is largely the product of the tax system, identifying who has become a lessor purely to avoid tax is likely to prove a difficult task.

The growth of leasing is also a key factor in government plans to take account of inflation in company taxation on a more rational basis. The main devices currently used to prevent companies being taxed on paper gains are stock relief and 100 per cent first year capital allowances—on whose existence the leasing industry is based.

The Conservatives are keen to change to current cost accounting from these ad hoc methods. To the extent that this will allow them to change the capital allowances system, they will also be able to slow down the undesirable economic effect—in terms of competition theory—of profitable companies passing on part of their gain to less profitable ones.

The essence of leasing is a division between the ownership and the use of assets ranging from plant and equipment to ships and aircraft. The providers of finance for the purchase of leased assets—the lessors—have legal title to the goods. This gives them the right to all the capital allowances available under the UK tax system. Since 1972, this has meant the right to claim tax relief for 100 per cent of the cost of assets in the year of their purchase.

There appears to be a great incentive for all businesses with taxable profits to become lessors. Most outstanding in the market are, of course, the clearing banks, generally operating through their finance house subsidiaries. The banks see leasing as a convenient way of obtaining some advantage from a tax system designed primarily to favour manufacturing industry. It seems reasonable to assume that all banks with significant taxable profits have eliminated current tax liabilities through leasing business.

One indication of the growth of leasing activity over the past few years is provided by figures released by the Equipment Leasing Association. In 1977 real business growth for ELA members was about 50 per cent. In 1978 activity boomed even more, with total equipment leased rising from £675m. to £1.2bn—a real growth rate of 67 per cent. This phenomenal growth is put in perspective when it is realised that more than 25 per cent of capital spending on plant and equipment is now lease financed by ELA members.

The ELA claims that its members account for more than 80 per cent of all leasing activity in the UK, but many experts in the market doubt this. They point to the growing band of non-financial lessors entering the market. Here names like Mothercare, Ladbroke, British Home Stores, Woolworth, ATV, *Tesco and Marks and Spencer* are prominent—and the list is increasing daily.

Including the non-financial lessors, some estimates put the total leasing market for 1978 at about £2bn—or almost double the ELA total. Other estimates, generally promoted by ELA members, are, of course, lower.

The truth is nobody really knows the size of the market. Better figures may become available soon as the Department of Industry—helped by the Central Statistical Office and the Bank of England—completes a special survey of industry and commerce. The earliest possible date for publication is the end of the year.

Inexperienced

Any financial sector that experiences rapid growth runs a risk of instability as inexperienced people enter and realistic operating limits become overstretched. The experience of the fringe banking crisis, based on the short-lived early 1970s property boom, has brought an awareness of the potential dangers inherent in the rapid leasing expansion. This early concern in the case of leasing may well prevent any major problems arising.

What are the potential risk areas? A key factor behind the Bank of England Governor's thinking is a basic worry about the inexperienced operators. In the event of a major casualty, either through a lessee going bankrupt or an asset being destroyed, where the lessor's contract proves defective, there could be serious loss of confidence. This could result in either lessors or lessees hurrying out of the market, and consequent market imbalance. Any such shock could bring vast tax bills home to roost.

The Governor underlined this aspect when he talked about the "risk of ignoring that the deferred tax liabilities of the lessor may become payable, for example if it proves to be impracticable to maintain the level of new leasing."

To some extent leasing has been over-sold. There is evidence that some people — particularly the newer entrants —regard leasing as a means of avoiding — rather than merely postponing—the payment of tax. In fact all leasing does from the lessor's point of view is to allow a company to borrow money from the Inland Revenue on somebody else's behalf and in the process take a commission—which is already shrinking fast as competition grows.

The effect is nothing more than taking Inland Revenue money, making a turn on it for a few years, and ending up with a slightly larger tax bill than when the process started. To avoid paying over the tax to the Revenue the company has to go on leasing at an increasing rate. This is the so-called treadmill of leasing. Some accountants even speculate that the process is addictive.

This process has enough potential dangers for one company on its own. If enough companies are on the treadmill at the same time the industry could be heading for a difficult period. It is possible to imagine a large and increasing number of companies deferring larger and larger amounts of tax until the market for leased assets is saturated. At that stage a plateau would be reached in which competition would be cut-throat.

Some argue that the only consequence of this would be to force companies to start paying tax—which they would be quite capable of doing with the rental receipts from their leasing deals. However, this might not be the case.

Accounting for leasing is totally unregulated. There are currently at least five different methods of taking profits in the accounts of lessors, and the results achieved are very different. Put simply, some companies using over-prudent accounting methods for management purposes could fail to appreciate business trends.

Paying the eventual tax bill might become easier if leasing companies were to make full provision for taxes deferred at any particular time. This is the official policy of the Equipment Leasing Association and is advocated by some auditors. However, the phenomenal growth of leasing has come about at a time when the UK accounting profession has completely altered its views on the way tax liabilities should be accounted for.

Under current practice, companies are only obliged to make provision for the taxes they actually expect to pay in the next three years — the period which is said to be "forseeable." This has led to a rush of companies changing over from making tax provisions on the basis of 52 per cent tax to rates ranging down to nil. The clearing banks have participated in this.

Each of the Big Four has adopted vastly different policies in providing for deferred leasing tax liabilities. The protests of the management in finance house subsidiaries have so far had little discernible impact on the main boards.

In simple terms, if for any reason a company has not set aside sufficient funds to meet its total potential tax liability, rental income alone may prove inadequate to satisfy the Inland Revenue.

Accountants point to another area of *general concern*, this time concerning the lessee. Current accounting practice is to keep off the balance sheet those assets financed through leasing.

The consequence is that users of a company's financial statements will not be aware of the true financial position. This is justified on the grounds that the assets are not owned by the lessee.

The UK accounting profession has been considering a draft standard on lease accounting for a number of years, but because of objections to the proposed position from the leasing industry nothing has yet been published.

The leasing industry does not want leased assets to be capitalised — i.e. to appear as fixed assets — in the balance sheet of the lessee. Most auditors favour capitalisation, however, on the grounds that the substance of a leasing transaction is that the lessee has acquired both an asset and an obligation. Capitalisation is standard practice in the U.S.

The leasing industry recognises that some disclosure of leasing obligations is necessary, but would prefer to see the information given in a note to the lessee's accounts. It sees capitalisation as a threat to the tax position, which might result in capital allowances becoming available to the lessee only.

The present position regarding company practice is not known. Some companies, for example Dunlop and Shell, capitalise leased assets; but the majority do not do so, and probably do not disclose adequate data about leasing commitments anywhere in their financial statements.

There is another aspect of the capitalisation question which merits consideration. Lease rentals can be arranged so as to be inflated and reduced at particular periods in the lease *contract—thereby distorting* the profits picture. Court Line—which went bankrupt in 1974 with vast undisclosed leasing obligations—had a lease contract for Tristars under which the lease payments for the first two years were substantially lower than those for the rest of the lease term. A more appropriate method of accounting, auditors say, would be to disclose the rentals several years into the future. But the proper course is argued to be capitalisation, whereby the problem does not arise.

Tax-based leasing, as practised in the UK, is biased towards big companies, big deals, and the public sector. It is only necessary to consider the simple case of Yorkshire Bank, which has traditionally operated in the personal and small business market. Today, in order to delay having to pay corporation tax to the Revenue, Yorkshire Bank leases to the extent of its taxable capacity. Like most industrial and commercial lessors it prefers to deal only with the public sector—nationalised industries and local authorities—and blue chip companies as lessees.

Conservative moves to change the structure of company taxation could remove the rationale behind such practices. The leasing industry would then emerge closer to the U.S. mode' where many lessors provide a service as well as finance. If this is to happen the industry will have to do a lot of re-adjusting.

Letters to the Editor

The key to inflation

From Mr. C. Smedley

Sir,—Mr. Harris (Lombard, July 5) discusses monetary reform, ranging from the strict definition of money advocated by the Greater London Young Conservatives through to a broader definition including such financial instruments as Treasury Bills, local authority deposits and even short gilts. He goes on to say that "all these numbers have a message for policy." Exactly what the aim of that policy is, seems to have been buried in the technicalities of implementation and definition.

Is the aim to halt inflation, control inflation at a "manageable" level or to control interest rates? Does the control of interest rates have a major role to play in the control of inflation? It seems there is a difference between the control of inflation, which I believe can be implemented through control of the fiduciary issue, and the control of interest rates which is merely another way of saying the control of the price of money in the credit market.

If we are to debate monetary reform, let us start from the beginning not from some "accepted" position laid down by now outdated and discredited economists of the recent past.

With regard to credit, it is debatable whether it is of benefit to the economy to have other controls than those of natural banking prudence based on cash holdings. Surely the weakness of the "broader" definitions is that they can never encompass the *whole credit* system, given the vast number of loans made and credit given by commercial organisations ranging from huge industrial conglomerates through smaller commercial enterprises down to "tick" at the local pub. Is Lombard seriously suggesting that "a number of credit series" will prove anything other than that our economic system utilises money efficiently and effectively through credit?

It is the narrow definition of money on which the whole banking and credit system is based that is the key to inflation. The laws of supply and demand determine interest rates.

Charles Smedley
(A Vice-Chairman),
Greater London Young Conservatives.
25, Bolton Gardens, SW5.

The Post Office and competition

From the Chairman,
Post Office Users' National Council

Sir,—In its recent report on the Post Office's proposals to increase postal charges the Post Office Users' National Council made severe criticisms of the quality of the postal service. Subsequent events have lent emphasis to these criticisms although it must be stressed that they were not directed at short-term deficiencies.

In the kind of circumstances that have recently prevailed it is natural that there are those who would want to hit back at a monopoly which has let the customer down. Suggestions for an end to that monopoly are only to be expected and Sir Keith Joseph has quite rightly called for reports on "possible modifications." As your leader (July 3) suggests, some good may come of this although a viable alternative to the present arrangements is unlikely.

POUNC does not believe the monopoly should be broken. Post Office customers are entitled to a uniform quality of mail service wherever they happen to live and conduct their business. Only the Post Office has the resources capable of offering such a service. While it is an understatement to say that those resources are not *being used to maximum* advantage there nevertheless seems little point in allowing the profitable parts of the business to be taken over by fragmented private operators leaving behind an unappealing rump for the state to maintain. This could in no way be made to work economically and its shortcomings would be inflicted predominantly upon those least able to impose any form of sanction—the individual rural dwellers.

The Council would not wish to pre-judge the issue on all aspects of the postal service; after all, parcels has been brought back from the grave by effective marketing in a competitive environment. But so far as the mainstream of postal services is concerned we believe the monopoly must be maintained. The present difficulties with the mail have been building up for some time, although exacerbated by the loathsome letter-bomb incidents in Birmingham. They result from failure of Post Office management and unions to resolve their differences on such matters as traffic measurement, manning levels, weekend working and the employment of casual and part-time staff. This failure must be retrieved, but not at the cost of breaking up the whole machine.

Suggestions *have* been made for separating Posts and Telecommunications into separate, less cumbersome, businesses. This makes sense—not least because it would introduce a constructive form of competition in which the postal service must fight for its profits against the pressure of a rapidly developing alternative system.

John Morgan.
POUNC,
Waterloo Bridge House,
Waterloo Road, SE1.

Importance of innovators

From Dr. C. von Luttitz

Sir,—John Elliott (June 30) highlights the problem that has bedevilled British industry for so long—how to identify the entrepreneurs and innovators who are aggressively seeking out new opportunities and then matching them up with sources of finance.

Failure to do this in the past has led to Britain's dismal record in transforming its many inventions into growth industries. Britain is not short of inventors. It still wins more Nobel prizes per head of population than the United States. But innovations are normally high risk and involve a high degree of experience in assessing the many intangibles which defy numerical analysis: the prospects of success or total failure, for instance, often depending on just the one entrepreneur.

The investor should be equipped to act as an entrepreneurial partner rather than regard the investee company as yet another asset in his portfolio. In most cases the truly small companies usually require management assistance in some area in addition to finance. They are, as the report from the Massachusetts Institute of Technology states: "Often the most difficult to work with, they tend to be independent. They are volatile. As such they need support, guidance and direct involvement from businessmen with wide experience who are prepared to commit time and effort as well as money to helping them succeed."

Fortunately everybody now *seems to recognise that these* small companies must become viable nuclei for the next generation of successful British industry in world markets.

C. von Luttitz, Dr. iur.
Capital Partners International.
Westland House,
17c Curzon Street, W1.

Miles per gallon

From Miss Ann Summers-Glass

Sir,—I would suggest to Miss Sinclair (July 4) that in theory a small car may be more efficient than a large motorcycle, but in real life, e.g., the North Circular Road or Holborn in the rush hour, the vast majority of cars are 1600 cc or above, containing only the driver. Taxi cabs, too, seem to be constantly cruising, either empty or containing one passenger; most of the trips made by taxis are perfectly adequately covered by public transport, which in turn would be more efficient if only the roads were not full of cars and taxi cabs! Although I agree in principle with her final paragraph I cannot believe that all those cars which one sees in the rush hour are company-owned and maintained.

Ann C. Summers-Glass.
77, Queens Crescent,
NW5.

The price at the pumps

From Mr. F. Odell

Sir,—Would the oil companies please have the courage to justify the reason for increasing prices within 48 hours from the announcement by the Organisation of Petroleum Exporting Countries that oil prices will be raised. It is reported that this country holds at the moment several months' stock of oil and petrol, and to charge *higher prices on existing stocks*, which were purchasced at lower prices, is profiteering of the worst kind which most, if not all other commercial undertakings would not dare to do.

It is astonishing that the Government appears to condone the premature action of the oil monopolies in this country.

A year or two ago higher oil prices were levied whenever the value of the pound sterling weakened against the U.S. dollar —for the past six months or so the pound sterling has strengthened by about 15 per cent, but no oil company has passed on the resulting saving in lower prices or at least minimised the higher basic costs charged by OPEC.

Oil companies, how about giving the full facts and reasons to the public at the same speed at which price increases are put into effect?

F. W. Odell.
43-45, Broad Street,
Teddington, Middlesex.

Self-help for shipbuilding

From the Managing Director
Merchant Inventors International

Sir,—Mr. Francey (July 5) expresses dismay regarding "the almost indecent haste with which the Government, which many of us believed would put new life into our industries, has announced a commitment to further contractions in the UK shipbuilding industry."

The implication seems to be that UK industry should be "spoon-fed" from the cradle to the grave (like its citizens) even though Mr. Francey concedes that "there are men in the management side of shipbuilding who could advise of ways and means whereby this important industry could not only be retained but made to expand."

Why, then do they not "get on with it," in conjunction with designers who have radical thoughts for new types of ships (including elements of wind-power of course) or of water/wave/wind-power units or other major structures of a size/potential relevant to their facilities? As in most other sectors of British industry they might then find that a "little imagination goes a long way" and that with the assistance of the National Research Development Corporation and generous Government/development area grants there is little to prevent them from "helping themselves."

A. S. L. Owensmith.
Merchant Inventors International,
87, Burgh Heath Road,
Epsom, Surrey.

Deserving dogs

From Mr. K. Donovan.

Sir, — Alan Pike's interesting account (July 3) of the "Battle of the white-collar unions" prompts some thoughts about the longer-term interests of their members and how such unions can really promote them.

It would appear that supervisory and management training for professional staffs has failed so far to provide a realistic basis for understanding what determines real earning power. "The rate for the job" is a fair-sounding phrase in itself because *it* implies the "correct" recognition of differences in qualifications, conditions and responsibilities and other components of job evaluation schemes. But what does it say about differences between earnings of individuals who do their jobs well and those who perform badly? And how does it reflect a company's "ability to pay"? And how does it relate these ideas to the essential necessity for continuing supplies of basic national needs like food, shelter, defence or energy?

The present postures of indignation about pay adopted throughout our country — from MPs and senior civil servants down — lead to a condition of rapidly shifting differentials and the continuous production of new "injustices" the correction of which can only accelerate inflation. We are like the dog in one of Aesop's fables who dropped his nice piece of meat from the bridge to grab the even nicer piece which he thought he saw in the stream in the mouth of the similar but less-deserving dog.

What then should the policies of such unions be — in the longer-term interests not merely of their members but also of our country?

K. H. Donovan.
Warden's House,
Horsley Towers, East Horsley,
Leatherhead, Surrey.

Today's Events

GENERAL

UK: Transport and General Workers conference continues, Scarborough.

Engineering workers pay talks resume.

Chrysler Stoke engine factory workers strike over pay claim.

Times' chapels discuss peace formula, then meet management.

Mr. Mark Carlisle, Education Secretary, and Sir David McNee, Metropolitan Police Commissioner, speak at Department of Health *conference on* intermediate treatment, Sheffield.

English Tourist Board publishes annual report.

International conference on noise and vibration of engines and transmissions opens at Cranfield Institute of Technology (until July 11).

Sir Kenneth Cork, Lord Mayor of London, attends Company of Chartered Accountants dinner, Mansion House.

Overseas: Mr. John Nott, Trade Secretary, visits European Commission to discuss anti-dumping controls, Brussels.

Bishop Abel Muzorewa, Zimbabwe-Rhodesia Prime Minister, visits U.S.

Mr. Menachem Begin, Israeli Prime Minister, visits Egypt.

Central bank governors meet in Basle, final day.

PARLIAMENTARY BUSINESS

House of Commons: Finance Bill, completion of committee stage. Motion on Customs Duty (Personal Reliefs) Amendment Order.

House of Lords: Government debate on Rhodesia.

OFFICIAL STATISTICS

Central Government transactions, including borrowing requirement (June). UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-June). London clearing banks' monthly statement (mid-June). Provisional figures of vehicle production.

COMPANY RESULTS

See Company News on Page 26.

COMPANY MEETINGS

Campbell and Isherwood, Penpoll Works, Hawthorne Road, Bootle, Merseyside, 11. Daily Mail and General Trust, Carmelite House, EC, 12. First Castle Securities, Castle Chambers, 43 Castle Street, Liverpool, 11.45. Land Securities Investment Trust, Devonshire House, Piccadilly, W, 12. Westpool Investments, 120 Cheapside, EC, 3.

May and Hassell makes recovery to £924,000

A RECOVERY in pre-tax profits from a depressed £321,000 to £924,000 is reported by May and Hassell, timber importer, for the year ended March 31, 1979, on slightly higher turnover of £50.88m, against £49.71m. In the 1973-74 full year, the company *achieved a record £5.43m* taxable surplus.

In December, when reporting first-half profits little changed at £543,000 *(£536,000)*, the directors said the second six months had begun well and they expected the full year figure to show a satisfactory advance.

Trading in the final quarter was handicapped by the severe *winter weather, the road haulage* dispute and high interest rates.

The year's result was struck after a £432,000 deficit representing the share of the loss incurred by the associate, Hallam Group of Nottingham, and a £196,000 loss from the South African subsidiary. The directors hope these losses are now eliminated.

The first three months of the *current year show an improvement* over a year ago in turnover, both value and volume, and in margins. This trend is expected to continue until September.

Thereafter, they say high interest rates, the new oil crisis, the effects of the budget, and factors in the trade could weaken the internal market.

However, with the company's major troubles under control, the directors add that current year results could be encouraging.

INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
Anderson Strathclyde	24	4	MK Electric	24	7
Applied Computers	26	3	Rothschild Inv.	26	1
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Court Line	24	4	Warner Holidays	24	6
Graig Shipping	24	4	Wellman Engrg.	24	6
May & Hassell	24	1	Wheway Watson	24	1
MEPC	24	4	Whitecroft	24	1

There was a tax credit for the year of £778,000 (£192,000 charge), including a write back *of £559,000 of the provision* made for stock appreciation relief available on the associate loss. Net profits were well ahead from £129,000 to £1.7m.

Earnings per 25p share jumped from 3.5p to 34.8p and the total *dividend* is stepped up to 3.848p (3.06394p) net, with a 2.8p final.

	1978-79 £000	1977-78 £000
Turnover	50,878	49,710
Profit	1,356	1,048
Share of associate loss	432	727
Profit before tax	924	321
Tax credit	778	†192
Net profit	1,702	129
Extraordinary credits	52	146
Minority losses	53	122
Making	1,807	397
Preference dividend	6	6
Ordinary dividend	271	218
Retained	1,530	173

† Charge.

● comment

The latest figures from May and Hassell show an upturn in profits for the first time since the record result of 1973-74. The turnround was aided by rising timber prices from April through *to December last year*, but the major factors came from loss elimination in Belgium and the plywood company, the absence of any stock write-downs (last year these cut £234,600 from profits), and a drop in the Hallam Group losses. Performance in the first half of the latest year should also reflect the better trading conditions, higher prices and *the virtual elimination of* Hallam losses. Also, there should be a turnround in South Africa (the overall loss there was £196,000 in 1978-79). But a big question mark hangs over the second half. Borrowings are going to rise and interest charges will become a significant factor while margins will be under pressure with tougher trading conditions. *The* shares were unchanged at 86p yesterday, giving a stated p/e of 3.4 and a *yield of 6.6 per cent.*

Trading loss cut at Graig

THE TRADING loss of Graig Shipping Co. was cut from £553,861 to £231,514 in the year to March 31, 1979. And the net final dividend is maintained at 4p, *although the interim payment* was passed—last year's total was 8p.

There was a profit of £1.33m on the sale of MV Graigffion in March. Last time there was a write-off of £584,729 for the decrease in the value of MV Graigaur and profit on sale of port wine. Depreciation rose from £936,733 to £972,081. Tax took £8,571, against a £735,168 transfer from deferred tax.

After these figures, there was a *net profit of £113,938, compared* with a £1.34m loss.

● comment

Having passed its interim dividend, Graig Shipping, has maintained its final payout which must be judged as a cautiously optimistic gesture. Not that its 1978-79 results are very impressive. Net profit for the year is entirely due to the sale of the "Graigffion"—the last of the company's ships free of debt. Unable to persuade the Japanese to agree to a moratorium on its debts Graig has had *to sell off* its fleet bit by bit to meet its financial commitments. The fleet is now down to two ships, the "MV Garthnewydd" and the "MV Graigwen." A third ship, "MV Graiglwyd," has still not been delivered *from* Japan and if the company agreed to accept the ship it would probably involve the sale of another vessel. But freight rates have improved since the year end and the sterling/yen *exchange rate* is moving in Graig's favour for a change. At 305p the shares yield under 2 per cent.

Wellman down at £1.03m despite higher turnover

TURNOVER OF the Wellman Engineering Corporation rose from £17.86m to £22.9m in the year ended March 31, 1979, but pre-tax profit was £1.03m *compared with £1.55m previously.*

When reporting lower profits of £338,970 against £549,475 at midway, the directors said the year's outcome was uncertain — the second half year would be better than the first, but it would *not equal results for last year.*

The Board now believes that the current year's result will be satisfactory and seen to resume the upward trend. As in the past, it is likely that profits for the second half will be significantly higher than those for the first six months. These profits take no account of a proposed U.S. acquisition.

The *year's profit* is after investment income of £209,001 against £314,493. Tax takes £403,014 (£799,619) giving earnings per share of 5.58p compared with 6.69p.

A final dividend of 1.41p lifts *the total from 2.398p to 2.675p.* Attributable profit amounts to *£442,269* against £568,848 after extraordinary debits of £186,191 (£184,645).

Net asset value is 55.7p against 51.5p but does not include the *value of certain leases at fixed* rent, which is substantial, the directors say.

The directors says that the fall in profits can be attributed to three main causes. Firstly, Wellman Ferrous Processors having been converted from an experimental into a production unit, made significant losses due to the disruption in the motor industry last year, and was closed down.

Secondly, the move of the Wellman Bibby Co. was completed, but the costs *were substantially* higher than estimated. The move has been successfully completed, and the company is now operating well in its new home and the anticipated benefits are now coming through.

Thirdly, due to a downturn in the industries to which it supplies, Wellman Alloys had to make large redundancies, with *consequential heavy costs.*

● comment

Shareholders of Wellman Engineering, who will soon be asked to vote on a proposed $12m U.S. purchase, will find little to cheer about in either the group's latest figures or in its balance-sheet. Pre-tax profits are down by 50 per cent, partly owing to exceptional costs, and the dividend is barely covered on a *full tax charge. More important,* however, is the state of the balance-sheet — particularly in view of the Redman Heenan bid. Net current assets are down by almost two-thirds to £706,000, while cash and deposits have been halved to £1.2m. The real cost of the U.S. acquisition may be falling owing to sterling's recent performance but the group will still have to borrow heavily to finance it. Pre-tax margins have fallen to 4.5 per *cent from 8.7 per cent the year* before, so high financing costs would presumably be unwelcome. The stated p/e of 11.8, on a share price of 67p, reflects a strong element of speculation over a higher Redman bid.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Brent Chemicals	†0.56	Aug. 3	—	3.97	2.04
Carclo Eng.	3.5	Aug. 31	1.5	5.2	3
Graig Shipping	4	Sept. 15	4	4	8
May and Hassell	2.8	Aug. 20	2.13	3.85	3.06
RIT	7	Sept. 18	5.5	9	7
Warner Holidays	1.5	—	0.93	1.85	1.28
Wellman Eng.	1.41	Sept. 13	1.25	2.68	2.4
Sungei Besi §§	3.50	Sept. 20	65	520	65
Second Gt. Northern	1.45	Sept. 14	1.3	2.25	2
Second Gt. Nrthrn. int.	0.6	Jan. 14	0.53*	—	1.5*

Dividends shown pence per share net except where *otherwise stated.*
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Special final payment *following* lifting of restrictions.
§§ Gross and Malaysian sen throughout.

Carclo profit falls in second six months

FOLLOWING a little changed midway result, a downturn from £549,000 to £459,000 in the second half left taxable profits of Carclo Engineering Group reduced from a record £974,000 to £897,000 for the year ended *March 31, 1979, on higher* turnover of £9.78m against £9.01m.

And the directors warn that at the present time, there is no sign of an upturn in trade, and profit margins remain under *pressure.*

Attributable profits for the year however, were up from £539,000 to £764,000, after a lower tax charge of £214,000 *(£435,000) and an extraordinary credit of £81,000 this time.*

Earnings per 25p share are *given* ahead by 3.6p to 16.8p and a net final dividend of 3.5046p raises the total payment from 2.996p to 5.2p.

	1978-79 £000	1977-78 £000
External sales	9,777	9,007
Card clothing	3,026	[illegible]
Engineering	6,751	5,782
Profit before tax	897	974
Card clothing	301	[illegible]
Engineering	596	506
Taxation	214	435
Net profit	683	539
Extraordinary credit	81	—
Preference dividend	12	12
Available ordinary	702	527
Ordinary dividends	208	120
Retained	544	407

MEPC manages to sell Munich site

BY ANDREW TAYLOR

MEPC is on the point of selling its troublesome Bahnof site in Munich, Germany, which it acquired in 1973 at the height *of the property* boom but never developed.

Beyerische Hasbau, a German property development concern, is to buy the site: contracts have been exchanged and the sale, on which MEPC admits it has made a substantial loss, is due to be completed by the end of this month.

Mr. Christopher Benson, vice chairman and managing director of MEPC—the second largest UK property group—declined to reveal the purhcase price but said that provisions made by MEPC three years ago more than covered any loss on the deal.

In 1976 the group made provisions totalling £38.25m to cover future losses on the Munich site and other developments. Mr. Benson said yesterday "There is no reason to believe that these provisions are anything but more than adequate."

MEPC has now recovered from the serious difficulties which followed the collapse of the UK property market in 1973/74 and at the end of last month announced a 42 per cent increase *in first half* pre-tax profits *to* £6.3m.

At the same time the group announced a successful £36.3m rights issue—with around 87 per cent of the new shares taken up —to fund new developments.

Mr. Benson said that the group had received planning consent to develop the Munich site but this had not taken place following a change in "economic conditions."

He added that further lettings *had taken place at MEPC's Euro*haus complex in Frankfurt, which was now 76 per cent let and the group was nearing completion of its Beethovenstrasse development also in Frankfurt.

Warner Holidays rises by £0.2m

AS FORECAST at mid-way, Warner Holidays reports improved profits for the year ended January 31, 1979. On gross revenue of *£8,885,374* compared with £7,553,040, taxable surplus moved ahead by £200,882 to a record £817,992, with £354,000 against £301,000 coming in the first half.

Yearly earnings per 10p share increased from 4.31p to 5.12p, while a final dividend of 1.5p lifts the net total from 1.2775p to 1.85p.

Tax took £300,620 (£249,951) and retained profits emerged up *from £252,941 to £354,984.*

	1978-79 £	1977-78 £
Gross revenue	8,885,374	7,553,040
Profit before tax	817,992	617,110
Tax	300,620	249,951
Net profit	517,372	367,159
Extraord. credits	150	729
Making	517,522	367,888
Preference div.	8,750	8,750
Interim dividend	29,095	29,095
Proposed final	124,693	77,102
Leaving	354,984	252,941

trends in the movement of the main currencies in which the group operates, continue throughout the year.

Tax charge for 1978 was reduced at £9.99m (£10.36m) and after ordinary dividends, absorbing *£0.59m (£0.54m)*, the retained surplus emerged up from £16.38m to £20.74m.

The group whose ordinary shares are unquoted provides management, agency and other allied services to companies operating in the Far East and Australasia, principally in the field of transport.

J. Swire ahead but gives 1979 warning

Including an exceptional credit much higher at £1.46m against £43,000, profits before tax of John Swire and Sons improved *from £27.64m to £32.01m for* 1978. At mid-year, the surplus was up £0.8m at £14.5m.

However, the directors warn that the underlying profit levels in 1979 are not likely to exceed those achieved in 1978 and in some cases could be lower.

The directors say there are even greater uncertainties over *the levels of world trade than a* year ago, and they express concern about the effects throughout the group of higher fuel costs.

Results expressed in sterling will almost certainly be lower than in 1978, they add, if recent and transportation costs, so it seems prudent to qualify the otherwise optimistic expectations with the warning that they can *only* be realised in reasonably stable economic conditions.

The chairman also says that cash flow estimates indicate that this year's £8m capital expenditure programme can be financed from the group's own resources and no new permanent capital will be needed during the year, other than for an acquisition.

For the year ended March 31, 1979, pre-tax profits rose from £5.9m to £8.3m on turnover of £55.6m against £38.8m. CCA profit is reduced to £6.42m after adjustments for depreciation, £917,000, cost of sales, £1.25m and £240,000 gearing.

The accounts also show £87,000 compensation for loss of office. Meeting, Moorgate Place, E.C., August 2 at noon.

MK Electric poised for expansion

In his annual review to shareholders, Mr. David Robertson, chairman of MK Electric Holdings, the electrical accessories group, reports that the current year has started well for all the group's main operating subsidiaries.

The principal subsidiary has been running at full production during April and May and demand for its products seems to be continuing strongly—a major part of its production is now being taken for use in rewiring projects.

It is estimated that there are between 8m and 11m houses in the UK in need of rewiring—a number which offers considerable scope for the group in the future, he notes.

Insulators has started the year satisfactorily and prospects reasonable, while the Ega group of companies has also begun the year with a healthy level of trade.

However, Mr. Robertson also draws attention to the fact that the whole economy is being affected by the increase in energy

Marler Ests. income at £24,638

Income of Marler Estates slipped from £28,245 to £24,638 in the year to March 25, 1979, before notional tax of £10,800, against £13,680.

Net income came through at £21,468 *(£27,174)* after tax and minority losses of £7,730 (£12,609). There was a net attributable surplus of £2,488, compared with a £24,605 deficit, after £1,699 (£53,098) abortive development expenditure and *sundry capital costs.*

Earnings per 25p share are shown as 0.51p (0.16p losses). There is again no dividend.

A property valuation at the year-end on an open market basis resulted in a £1,002,862 surplus. After *incorporating* the net surplus of £665,509 on the valuation, net asset value is shown as 44.52p (23.65p).

Whitecroft placed for growth

Opportunities exist for the generation of future growth of Whitecroft states Mr. John *Tavare, the chairman,* in his annual report.

The recently acquired Randalls Group should be making a sizeable contribution to group profits before the end of the current year, he adds.

As reported June 28, group pre-tax profits rose by 18 per cent to a record £5.03m for the March 31, 1979 year on turnover *of £75.57m (£55.11m). The* surplus would have been around £5.5m but for the effects of the road haulage dispute.

On a CCA basis, profits before tax are reduced to an adjusted £3.34m (£3.24m).

The chairman says the group will make further acquisitions where this is the most effective way to achieve growth objectives. Progress has also been made in withdrawing from areas where it does not see a long-term future within the group and two subsidiaries—in leather and civil engineering—have been sold.

Group borrowings increased from £5.7m to £14.2m at the year-end, largely as a result of the cash element involved in the cost of acquisitions during the year and existing borrowings in those companies acquired. Since March, however, borrowings have reduced due to cash receipts *from the recent sales of* subsidiaries.

Divisional reports show that all three sectors—textiles, building and engineering supplies, engineering—increased turnover and profit in the year, with textile components outstanding. Household textiles were generally buoyant, but margins were affected in the four commission finishing companies, and industrial textiles improved results in difficult market conditions.

Much re-organisation is in hand at Randalls which made only a minimal profit contribution in the year. The other six builders' and plumbers' merchants continued their steady growth, and the engineering supplies company maintained its profit, while opening new branches. The Belfast timber companies made a small loss in a difficult market.

The "Moorlite" lighting company provided £844,000 profit on sales of £4.6m in the 11 months since acquisition, and further growth is expected in the current year. The Ryder machine tool subsidiary had a record year, with doubled profits, and expects to continue a higher level of activity.

Meeting, Manchester, July 30, noon.

Optimism at Wheway Watson

FURTHER PROGRESS is forecast for Wheway Watson Holdings in the current year. It is *anticipated that the major* contribution to profit will come in the second half, says Mr. W. Gibson Biggart, the chairman.

Taxable profit for the year to March 31, 1979, were 19 per cent ahead to £910,000 on sales of *£14.45m (£12.34m)—as reported* June 15. However, it is estimated that if the inflation accounting standard as proposed in ED 24 had been applied the historic surplus would have been cut by more than half.

At the year-end, bank and cash balances stood at £11,000 (£21,000) and secured loans and bank overdraft were up from £0.79m to £1.72m. Authorised capital spending at that date amounted to £297,000 (£213,000) of which £93,000 (£208,000) had not been contracted.

A *professional valuation of* freehold properties at March 31, produced a surplus of £690,000 which has been added to reserves.

The group's three subsidiaries and associate company, Felco-*Moore Maintenance Engineers,* all achieved profitable operations during the year.

At Wheway Watson demand for mining chains fell towards the end of the year and second half profit was lower. Currently *demand for these chains are at a* higher level than for some years.

This combined with encouraging trends for general industrial chains will result in substantially greater turnover and improved profitability in 1979-80, the chairman says.

Efforts are being made at this company to raise productivity and the improvement over the past few months has been encouraging.

Meeting, Erdington, Birmingham, on July 31 at noon.

INDEPENDENT NEWSPAPERS

The p/e for Independent Newspapers in Saturday's Financial *Times was calculated on the* basis of a capital enlarged by a one-for-two scrip issue, which has not yet been officially reflected in the share price. The figure should have read 8.6.

Court Line to pay over 10p in pound

Creditors of Court Line, the collapsed holiday group, are likely to get more than 10p in the pound when all assets are finally *realised* the liquidators said yesterday. The total now seems certain to be higher than *the original estimate of £21.4m.*

Joint liquidators, Mr. Rupert Nicholson and Mr. Gray Parsons, *are expected to pay a second* dividend of 3.5p within a day or so, bringing the total payment so far up to 7p.

Nearly all the assets have been realised but the Halycon Days hotel in St. Lucia, the biggest holiday resort in the Eastern Caribbean, is now under offer. *Other sums are also accruing in* subsidiaries which will finally be consolidated and distributed.

The overall position is considerably improved from that of 1978 which we inadvertently reprinted in last Friday's edition. Mr. Nicholson then told a meeting of creditors that it was too early to raise hopes that the *ultimate distribution* would exceed 10p in the pound.

Anderson Strathclyde set for Australian thrust

Anderson Strathclyde has acquired a *small company* in New South Wales as a base for the group's increased effort in this expanding coal mining area, *Mr. R. H. Thorpe*, the chairman, tells members.

In 1978-79 Australasia only accounted from £541,000, against £102,000, sales out of total group turnover of £53.34m (£46.77m).

The group has purchased A. B. Rae *and Company* Pty, NSW, for A$1m cash. The deal is being financed by borrowing in Australia.

The home market for the group's mining products continues to be strong and should remain so into the future as the emphasis on coal as a long term energy source continues to grow, he states.

The same can be *said* of the export market with "very useful orders" being gained in South Africa, U.S., Australia and, particularly, *China. Last year exports* were ahead from £9.84m to £10.42m.

The industrial products side, now being formed into a separate division under its own management board, still faces strong competition in a generally depressed world market. The Kirkintilloch factory has had to face limited redundancies following the *collapse of the* market for switchgear in Iran.

In the UK the National Coal Board has accepted the company's proposals for the design of the first drift conveyor for the Selby Mine project. The latest technology will be *employed* in the supply of a single drive belt conveyor which, eventually, will be over nine miles long, Mr. *Thorpe reports.*

Taxable profit for the year to March 31, 1979, was marginally ahead to £4.08m (£3.97m).

Bank overdrafts and acceptance credits were up from £2.78m to £4.83m leaving net liquid funds down £2.15m (£1.67m).

A geographical analysis of sales shows in £000s: UK £38,252 (£33,084); rest of Europe £3,952 (£3,733); Africa £5,295 (£5,534); North America £2,988 (£1,515); South America £50 (£653); Asia £2,284 (£2,118) and Australasia £541 (£102).

FAIRBAIRN LAWSON

The directors of Fairbairn Lawson says that in view of the breakdown in accounting controls at Greenbat, a wholly-owned subsidiary, they are *still not in* a position to assess fully the trading and financial position of Greenbat.

The outcome of a further independent investigation into the current financial position of Greenbat, and its impact on the company, is still awaited.

Until the outcome of all investigations is known, the release of the 1978 annual accounts will be further delayed.

JOHN FOSTER

In the week's Financial Diary published in yesterday's issue, *the dividend payment* due on Thursday from John Foster should have been given as 1.5p.

How The Morgan Bank works for other banks, around the world

Member FDIC

Three of the Morgan officers who serve international banks and financial institutions are shown in Zurich. From left, Michael Fisher, Zurich; Frederick Tetzeli, head of the group in New York, Charles Hatfield, New York.

Morgan Guaranty has long been known as the premier corporate bank, serving most of the world's biggest companies. We are also a leader in serving the needs of financial institutions around the world.

Besides the traditional services – such as clearing, safekeeping of securities, foreign exchange – we meet the special needs of banks, central banks, and government financial agencies with imagination and innovation. Some recent examples:

☐ Helping a French private bank get long-dated forward dollars for a Venezuelan government agency buying equipment from a group of the French bank's clients.

☐ Identifying real estate investment opportunities in the U.S. for a major German bank.

☐ Offering the New York branches of several European banks participations in a term loan to a U.S. company.

☐ Preparing a financial analysis of a U.S. company for a Swiss regional bank to furnish to its client.

☐ Tailoring an aircraft leasing proposal involving a Belgian bank.

☐ Creating four alternative ways for an Italian government agency to finance increased exports of automobiles.

A special group of officers, in our New York headquarters and our overseas offices, coordinate these services. All have served in Morgan's offices abroad. They know banking practice in the countries to which they are assigned.

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The Morgan Bank

RIT advances to £5.75m after second half boost

A SHARP rise from £1.8m to £3.21m in the second six months, enabled Rothschild Investment Trust to expand pre-tax revenue for the year ended March 31, 1979 to £5.75m, compared with £3.87m.

Gross revenue was ahead from £5.37m to £7.14m for the year, subject to interest charges of £0.85m (£1.08m) and management expenses, £0.54m (£0.43m).

After tax earnings per 50p share are shown up from 9p to 13p basic, and from 8.7p to 12.7p fully diluted. A net final dividend of 7p raises the total payout by 2p to 9p.

Tax took £2.41m (£1.75m) and after preference dividends, revenue attributable to ordinary holders increased from £1.7m to £2.93m. Ordinary payments absorb £2.03m (£1.33m).

At the year-end, net asset value per share is shown at 354p (269p) pre-conversion, and 345p (256p) post-conversion. At July 3, the respective figures were 353p and 345p.

	1978-79 £000	1977-78 £000
Franked inv. income	2,745	2,099
Unfranked inv. income	1,156	1,318
Interest on deposits	432	242
Underwriting, dealing, jobbing	1,387	1,148
Property income*	302	†241
Leasing income*	1,227	808
Group revenue	7,139	5,374
Management exps.	538	432
Interest charges	852	1,752
Revenue before tax	5,751	3,867
Taxation	2,410	1,752
Preference dividends	409	411
Attributable to ord.	2,932	1,704

* Less interest and expenses. † Deficit.

See Lex

proposed.

There is also an interim of 0.6p for the current year on the increased capital—the last interim was equivalent to 0.53p.

Net assets stood at £22.14m, compared with £22.27m. Net asset value per ordinary and B ordinary amounts to 116.1p (116.9p).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Eurotherm International, Donald Macpherson, Neil and Spencer.
Finals: Euston Centre Properties, Investors Capital Trust, Marling Industries, United British Securities, Henry Wigfall, F. Wrighton.

FUTURE DATES

Interims:	
A. C. Cars	Jul. 26
BICC	Sep. 4
Commercial Union	Aug. 14
Yule Catto	Jul. 17
Finals:	
Christie-Tyler	Jul. 11
Haslemere Estates	Jul. 19
Jones Stroud	Jul. 17
National Carbonising	Jul. 12
Oil and Assocd. Inv. Trust	Jul. 17
Priest (Benjamin)	Jul. 18
Ratners (Jewellers)	Jul. 16
St. George's Laundry	Jul. 19
Trustees Corporation	Jul. 19
Vita-Tex	Jul. 18

Second Great Northern rises

Pre-tax revenue of Second Great Northern Investment Trust increased from £661,532 to £759,031 in the year to June 31, 1979.

After tax of £316,490 (£271,174), stated earnings per 25p share are higher at 2.27p (1.99p). The net final dividend of 1.45p lifts the total 2.25p (2p). A one-for-two scrip is also

Confidence at Applied Computer

Applied Computer Techniques (Holdings) has a very full range of products and the main emphasis over the next few years will be to greatly expand the customer base and strengthen marketing, Mr. Lindsay Bury, chairman, tells shareholders.

In his annual report, the chairman says that ,as ever more attractive book-keeping solutions appear on the market, increasingly large numbers of small companies are emerging as potential customers.

It is on servicing the requirements of these new customers that the main marketing emphasis will be placed. "We view the future with confidence," the chairman says.

For the year ended March 31, 1979, pre-tax profits were £372,500 compared with the March prospectus forecast of £360,000 and with £246,373 in the previous year. The dividend is the expected 0.7p.

MINING NEWS

First half slowdown in diamond sales

BY KENNETH MARSTON, MINING EDITOR

WORLD SALES of rough gem and industrial diamonds during the first half of this year have fallen in volume from last year's peak levels.

The Central Selling Organisation, which markets some 85 per cent of uncut diamond output on behalf of De Beers and other producers, reports a first-half 1979 sales total value of R1.09bn or $1.27bn.

These sales value figures show respective increases of 2 per cent and 4 per cent on those of a year ago. But it must be remembered that the latest figures contain the benefit of the big average price increase of 30 per cent that was made in August of last year.

When compared with the CSO sales figures for the exceptionally strong second half of last year, the totals for the first half of this year show a fall in rand terms of 6 per cent and one of 4 per cent in dollars.

	Six months to June Rm	Dec. Rm	Year's Total Rm
1979	1,085.4	—	—
1978	1,063.5	1,155.4	2,218.9
1977	943.4	859.3	1,802.7
1976	681.9	670.0	1,351.9
1975	335.1	430.4	793.5
1974	525.5	313.6	849.1
1973	478.7	441.9	920.6
1973	323.4	332.1	655.5
1971	220.1	226.3	446.4
1970	200.7	177.7	378.4
1969	260.1	234.5	494.6
1968	203.2	225.6	428.8

Demand last year was boosted by hedging against currency uncertainties. This reached the stage at which diamond merchants were hoarding uncut gems instead of pasing them along the processing and marketing chain.

The situation was subsequently brought under control by temporary CSO price surcharges of up to 40 per cent coupled with some judicious credit squeezing.

The latest cooler CSO sales underline the forecast made in April this year by Mr. Harry Oppenheimer, chairman of De Beers, that the hectic boom conditions of 1978 were unlikely to be repeated in 1979 and that there would be a return to normality in the diamond market.

His warning has been followed by some short working in the Antwerp and Israel cutting centres during the present seasonally quiet period. At the same time, fairly large stocks of polished diamonds are being held at the centres, a hang-over of the 1978 boom.

At the moment, the market is weak for the smaller gems of around ¼ carat to 1 carat (there are 142 carats to the ounce). But the larger sizes are still believed to be doing reasonably well.

A better guide to market prospects for the second half of this year should come with the September "sight" (selling occasion) when buying of rough stones for the Christmas retail trade takes place. Importantly, it may give a clue to the state of the U.S. market which accounts for about half the total gem trade.

Unless there is a sudden upsurge of currency-hedge buying, the chances are that the second half world sales value may not be much different from that of the first half, thus bringing a fall in the year's total for the first time since 1975.

However, this would still mean "a satisfactory year for De Beers," as Mr. Harry Oppenheimer anticipated in April and a further rise in the group's dividend from 65 cents to around 70 cents is still on the cards. In London yesterday the shares of De Beers fell 5p to 365p and held at level after the latest CSO sales figures became known.

NEW PROCESS FOR POTASH

A new production process which will have the Dead Sea Works $3m (£1.34m) annually in fuel costs on its current production of about 1m-1.2m tonnes of potash, has been developed by the company's laboratories, reports our Tel Aviv correspondent.

Hitherto, one-sixth of output was produced by a flotation process, and five-sixths by a drying process which involved a substantial amount of energy.

The new method separates the potash from salt by two stages. The first results in the drastic reduction of the salt content, while in the second stage a special crystallisation unit eliminates the remainder without the use of fuel.

Apart from the saving in energy (the figure is based on fuel costs before the latest rise in OPEC prices), the process required only inexpensive installations.

SUNGEI BESI'S BIG PAY-OUT

The Eastern tin-producing Sungei Besi reports a pre-tax profit of M$23.5m (£4.9m) for the year to March 31 compared with M$9.6m in the previous year. The latest net figure comes out at M$10.8m—equal to earnings of 318 sen per share—against M$6.8m.

A final dividend of 350 sen (73.5p), less tax at 40 per cent, is declared, making a total of 520 sen less tax. For the previous year there was a single dividend of only 65 sen.

Sungei Besi's tin concentrate production in the past year totalled 2,308 tonnes against 1,917 tonnes in 1977-78. In the latest period the London tin price averaged £6,948 per tonne compared with £6,251.

Tin metal is currently £7,200 while production of the tin concentrate of Sungei Besi for the first two months of the current financial year amounts to 326 tonnes against 295 tonnes a year ago. The shares were 255p yesterday.

OIL AND GAS NEWS

Amoco finds gas in Alberta

BY ROBERT GIBBENS IN MONTREAL

"A POTENTIALLY significant" gas discovery has been made in Alberta by Amoco Canada Petroleum, a subsidiary of Standard Oil (Indiana). The well is 120 miles south west of Edmonton. Amoco has a 66 per cent interest, while Aquitaine Canada holds 24 per cent and Home Oil 10 per cent.

The well encountered 182 ft of net pay in the Beaverhill Lake formation at 15,675 ft. On production test it stabilised at 16m cubic feet daily on a three-quarters of an inch choke with tubing pressure at 1,480 lb per sq in. The absolute open flow rate is estimated at 28m cubic feet daily.

As part of a programme of additional drilling, two further wells are underway. Three other wells are being prepared for a start in mid-summer.

Meanwhile, the rising discovery rates of gas in Alberta are contributing to delays in building the C$14bn (£5.4bn) Alaska Highway gas pipeline from Prudhoe Bay through Canada to the mid-West of the U.S.

It now seems certain that the southern portion of the pipeline in Alberta will be built first, to carry the rising amount of Alberta exports to the U.S. The northern sections would be built later.

* * *

Meanwhile, another Amoco unit, Amoco Seychelles Oil, has announced plans for drilling in the offshore area of the Seychelles. The group has exclusive exploration and exploitation rights over 17,810 sq kms and has completed regional seismic surveys over 2,553 sq kms.

* * *

Drilling for oil and natural gas in the U.S. rose by nearly 7 per cent in the first three months of this year, according to the latest quarterly drilling reports of the American Petroleum Institute.

But the Institute said this would not significantly cut dependence on imported oil and charged that current political and economic uncertainties have made it difficult for producers to raise capital for any great expansion of drilling activity.

During the first three months of the year 11,717 oil and natural gas wells and try holes were drilled. This compares with 10,965 in the 1978 first quarter.

* * *

Cultus Pacific and York Resources, two Australian companies, have formed a joint venture to operate in Texas. It is called Cee Why Texas, and is a partner with TKA Exploration, a partnership active in the state. Oil prospects are being investigated in Duval County.

BIDS AND DEALS

Guthrie Corporation seeking to buy in subsidiary minority

BY JAMES BARTHOLOMEW

Guthrie Corporation, which earlier this year beat off a bid from Sime Darby Holdings, wants to buy in the minority of its 73 per cent-owned Singapore subsidiary, Guthrie Berhad, for S$18.5m (£3.8m).

The Singapore company is a traditional overseas trader, acting as an importing agent particularly for companies in the consumer, engineering, fertiliser and chemical industries.

It made a marked turn-round in 1978, changing losses of S$5.9m into profits of S$5.6m. The reason given was a strengthening of the management. Outside sources expect further profit gains this year.

Mr. Ian Coates, managing director of Guthrie, yesterday denied that the proposed offer was being made before the full extent of the recovery had become apparent to outside shareholders. A profit forecast for 1979 would probably be included in the offer, he said.

The proposed price of S$2 per share was 22 per cent above the market price of the shares, 37 per cent above the asset value and represented 22.2 times the company's historic earnings, he added.

The deal was a tidying-up operation, similar in this respect to the acquisition last year of the minority interest in another subsidiary, Mindustrial. Wholly owned subsidiaries were more satisfactory from a cash flow and management point of view, he said.

Shares of Guthrie Bhd may lose their quotation on the Singapore stock market if the offer is not completely successful but acceptances reduce the public shareholding below a level acceptable to the exchange.

Guthrie Bhd has not yet decided on its response and in the meantime advises its shareholders to take no action.

Baring Brothers Asia is acting for Guthrie Corporation, while Standard Chartered Merchant Bank Asia has been appointed to advise Guthrie Bhd.

EWBANK/OLD SHIP

Ewbank Consulting offer for Old Ship Hotel (Brigton) has been accepted by the holders of 91.5 per cent of the ordinary share capital and 69.9 per cent of the preference share capital of Old Ship and the offers have been declared unconditional.

TURNBULL SCOTT RESTRUCTURING

Turnbull Scott Shipping Company is to revise the structure of the group through a scheme of arrangement under section 206 of the Companies Act.

The scheme will result in shareholders of Turnbull Scott receiving in place of each existing ordinary or non-voting "A" ordinary share in Turnbull Scott, one ordinary or non-voting "A" ordinary share in a new holding company.

The group said yesterday that the formation of a new holding company would give it a structure more consistent with the management of the various constituent parts which have developed outside the group's traditional shipping interests.

UNILEVER/LAWRY'S

Unilever has completed the acquisition of Lawry's Foods Inc. of Los Angeles through its wholly-owned subsidiary Thomas J. Lipton.

The transaction was completed after a special meeting of Lawry's shareholders last Friday.

ROTHMANS

Carreras Rothmans a wholly owned subsidiary of Rothmans International, is in the final stages of discussion with the Stockholm Basedesselte Group over the proposed sale of Pembroke Gravure to that group.

The Esselte Group already own Pembroke Packaging which manages Pembroke Gravure under a management contract.

The proposed sale is subject to formal consent from both the Swedish National Bank and the Bank of England.

S & N/GOUGH

Scottish and Newcastle Breweries now controls 60 per cent of Gough Brothers. Baring Brothers and Co., the brewer's adviser, has received further irrevocable acceptances representing 6.4 per cent of Gough.

These undertakings, together with those already received from directors, their families and related trusts, represent 39.6 per cent of the shares. Since the announcement of the offer, Barings has also purchased 685,000 Gough shares in the market.

ICFC INVESTS £1.5M IN WELDIT

Industrial and Commercial Finance Corporation (ICFC) has provided a £1.5m cash injection for the Weldit Group, fabricator of offshore oil structures.

The finance, which is in the form of a £1m secured loan plus a subscription for redeemable preference shares, will be used towards the installation of additional rolling and welding equipment which is required to meet the group's expansion.

SETAS INVESTMENTS

Setas Investments, a specialist merchant and investment bank, has been formed with offices in London. It is 60 per cent owned by Mr. R. F. Monk and his family trusts, and 40 per cent owned by investment trusts under the management of Touche Remnant and Co.

The new bank, based at 12S, Mount Street, Mayfair, will concentrate on corporate finance.

CAR CARE PLAN

Sole ownership of the Car Care Plan Group of companies, the Leeds-based specialist in mechanical breakdown insurance, has been acquired by the former chief executive, Mr. Alan Longmate in a £500,000 deal.

Mr. Longmate has purchased the two-thirds shareholding of Mr. Jack Wade, the previous chairman.

EDMAN/ICI

Edman Communications Group has acquired the ICI plastics division's colour video unit activities of Welwyn Garden City for an undisclosed sum.

UK NEWS

Europe video recorder sales may double

BY MAX WILKINSON

THE EUROPEAN market for video tape recorders is expected to double this year to 450,000 units compared with 225,000 units in 1978, says Mackintosh Consultants.

Mackintosh, which specialises in analysing the electronics industry, says the fall in retail price of video recorders to around £600 could help to stimulate sales this year. In addition, portable recorders will become increasingly important for use with television cameras designed for home movies.

It is expected that lightweight electronic cameras plugged into a portable video recorder will eventually replace some of the present home movie film cameras. The new system would allow people to make their own pre-recorded television programmes.

Mackintosh says that by 1982, more than 70 per cent of all Europe households will possess a colour television, compared with 47 per cent at the end of 1978.

Last year total European sales of colour sets were 9.9m units worth about $5bn at trade prices, an increase of 15 per cent on the previous year. However, by 1982 the consultants expect only a small increase in the value of colour television sales as the market approaches saturation. By then a considerable proportion of sales will be for second sets or replacements.

In 1978, 20 per cent of all colour televisions shold in West Europe were to people who already had a colour set. In the UK, where sales of replacement or additional sets were the highest in Europe, about one in three of all sets shold were to existing owners.

In Germany, the consultants say, a million units are now held in stock as a result of over-production in colour receivers in the recent past. As a result retail prices fell by 25 per cent and several German factories have been working on short time. The Japanese share of the European market is now estimated to be around 10 per cent.

MacIntosh says that the market for audio systems in Europe is about $4bn compared with a market of about $6.2bn for all types of television and video eeequipment. The consultants predict that a new generation of slimline radio and tape recorders from Japan, some less than a centimetre thick, will have a significant impact on the European market when they become generally available in the 1980s.

Wilson 'fails to tackle taxes'

FINANCIAL TIMES REPORTER

THE WILSON COMMITTEE on financial institutions fails to tackle the British tax system—the single most important financial constraint on small companies—according to the British Institute of Management.

The biggest problem facing small companies is the shortage of risk capital, Mr. Roy Close, director-general of the BIM, said yesterday in a letter to the Department of Industry.

Commenting on the committee's interim report, Mr. Close said that even if its proposals relating to equity finance were fully implemented, they would have only a limited effect and could hardly be seen as providing an adequate solution.

"Indeed, the report itself acknowledges that its recommendations to improve the UK over-the-counter market and to create a small firm investment company would lead to some increase in the supply of equity to small firms," he said.

"BIM is convinced that significant progress towards tackling the small firms' equity problem will depend on reforms of taxation policy.

"While the interim report contains some discussion of the fiscal environment, BIM regrets that the committee did not come to any conclusions on the importance of tax policy on the financing and development of the small firms sector, nor has it produced any recommendations on the tax reforms that would contribute most to alleviating the financial problems of small firms," said Mr. Close.

Manx Radio vote may be close

By Our Own Correspondent

SHOULD THE Manx Government retain control of Manx Radio, the Isle of Man's commercial radio station, or should it be operated by a commercial contractor? That is the question to be decided by members of Tynwald when they meet today.

Before them will be a proposal by the Executive Council which would instruct the Isle of Man Broadcasting Commission to seek tenders from operators. The franchise granted would have to be approved by Tynwald.

Mr. Clifford Irving, executive council chairman, said there have been several inquiries for the franchise and the decision to instruct the broadcasting commission to seek tenders was taken after careful consideration.

At the May Tynwald sitting directions were given to the broadcasting commission to contract with Radio Manx Limited, a Government-owned company, to provide the programmes. It was also agreed that directors for Radio Manx should be Tynwald-approved nominees, and that any losses incurred should be met from public funds.

The broadcasting commission chairman, Dr. Mann, commenting on the proposals, said that, if there is to be such a drastic change of policy, then there must be full expression of them.

Because of the recent date of the proposals that the executive council is seeking to change, the debate cannot take place without a procedural suspension of standing orders. This can only be passed by a two-thirds majority of each of the branches of Tynwald, the legislative council and the House of Keys, who wrote separately on the suspension proposal. A close vote is expected on this proposal.

Orkney mining protest for MPs

A CAMPAIGN aimed at banning uranium mining in the Orkney Islands will reach Westminster today, when a deputation will lobby MPs to make them aware of the "overwhelming objection" among islanders to the mining proposals.

The Orkney Heritage Society has organised an 8,000-strong petition backing the Islands council's policy banning uranium mining.

CONTRACTS

New Crown Courts for Leeds

IN LEEDS a new Crown Court complex is being built by HIGGS AND HILL NORTHERN for the Property Services Agency under a £7.5m contract.

Consisting of one four-storey building on a 10,000 square metre site, plus a single-storey service facility, the complex will provide 14 Crown Courts and three County Courts. Environmental conditions within the building will be fully controlled.

Up to 6 metres deep foundations are necessary in places, and the contractors are required to pour concrete at the rate of 350 cubic metres each week to complete on time.

★

SPERRY UNIVAC UK (a Sperry Rand Corp. company) has sold an 1100/80 computer system worth £2m to Hambros Bank. Including 150 data logic terminals, it will replace an ICL installation. The system will be used to process all in-house, on-line transaction processing, and to provide a data entry and information retrieval service, together with batch processing, which provides a customer and management accounting service to the banks.

★

A contract worth about £1.5m has been awarded to the Bradford-based major products division of N. G. BAILEY AND CO., for the instrumentation installation at BP's oil reception centre at Sullom Voe in the Shetland Islands.

★

Water pollution control mechanical and electrical plant worth about £1.4m is being supplied to the Yorkshire Water Authority by WILLIAM E. FARRER, a member of the Moss Engineering Group. The contract is part of a scheme to modernise and refurbish the biological filters at the Authority's western division water pollution control works at Esholt, which serves Bradford and the surrounding area. Work will take 2½ years to complete.

★

The Ministry of Defence (Army) has orderd 42 HAULAMATIC on/off highway dump trucks, worth over £1m.

★

MEMOREX disc drives valued at over £500,000 have been ordered by Comshare. Multiple strings of Memorex 3675 200 megabyte drives will be linked to Comshare's Sigma 9 computer systems via a special interface designed and built by Comshare. The interface allows IBM compatible peripherals to be attached to Sigma 9 processors.

★

An order worth about £600,000, for machinery to manufacture halogen lamps for the automobile industry has been received from North America by ALFRED BADER, a subsidiary of Forward Technology Industries.

★

COVENTRY CLIMAX (a BL company) has orders worth £262,000 for 25 ToughTerrain fork lift trucks, from agricultural machinery dealers.

★

LAWRENCE SCOT AND ELECTRO MOTORS, Norwich, has won a £200,000 order for electric motors for the Danish North Sea oil platform, Gormfield.

★

VICKERS FLUID POWER, the Swindon-based hydraulics division of Vickers, has secured orders for hydraulic power units worth over £100,000 from four UK machine tool manufacturers.

★

Catering and associated facilities worth £750,000 are being installed on the semi-submersible Treasure Finder by OFFSHORE CATERING SERVICES for Shell (UK) Exploration and Production. The vessel will be used as central accommodation for 400 men on Brent Field platforms.

★

COMPUTER MACHINERY COMPANY is supplying a 12-terminal Reality Royale mini-computer/management information system, worth £121,000 to ICI's petrochemical division, Wilton, Teesside.

NORTH AMERICAN NEWS

ISC charged over foreign payments

BY STEWART FLEMING IN NEW YORK

THE Securities and Exchange Commission has charged International Systems and Controls (ISC), which provides services and products for energy and agricultural development, with making more than $23m of questionable and illicit payments in connection with overseas contracts.

The allegations are made in a Federal court suit brought by the SEC.

The SEC move, one of the more aggressive by the agency on the foreign payments issue, alleges that ISC failed to disclose that it was "dependent on its foreign payments practices for the securing of business and the obtaining of payments in addition to the originally contracted amount."

The SEC says that some of the money went to a member of Iran's former ruling family, Prince Abdorreza, to "obtain his influence in getting certain contracts awarded to International Systems and Controls" and to several other Iranian "agents" or "consultants."

In its latest earnings statement, the financially troubled company reported that in the nine months to March, 1979, the company suffered a loss of $7.9m on sales revenues of $93m, compared with a loss of $3.6m on sales of $177m in the same period of the previous financial year.

Mr. Herman Frietch, senior vice-president of the Houston-based company, said that the company has not yet seen details of the suit filed against it by the SEC, and so does not have any immediate comment on the charges. He added that the company has been expecting the filing.

The suit also names five former and current officers of the company, including Mr. J. Thomas Kenneally, the former chairman.

In its suit, filed in the U.S. district court in Washington DC, the SEC seeks the removal of the current top management along with the appointment of an agent by the court to "take custody and control of all assets" and "to oversee the business activities of ISC."

The officers named in the suit besides Mr. Kenneally are Mr. Herman M. Frietsch, Mr. Raymond G. Hofker, Mr. Elbert W. Angulo and Mr. Harlan M. Stein.

The suit alleges that the company made questionable foreign payments to officials in Saudi Arabia, Iran, Algeria, the Ivory Coast, Nicaragua and Chile.

The suit also seeks a preliminary injunction against the company and the officials against further violations against securities laws.

Tengelmann to play active role in A & P

By John Wyles in New York

THE Great Atlantic and Pacific Tea Company (A and P) has announced its first major development to bear the imprint of its principal owner, West Germany's Tengelmann Group.

Since disclosing in January that it would buy a 42 per cent stake in A and P for about $75m, the Tengelmann Group has pledged "to take an active role" in the U.S.'s third largest supermarket chain, which has been struggling for profitability during the past four years.

At the end of last week, the Tengelmann stamp became apparent with an announcement that A and P would spend $12.5m on opening 50 limited assortment food stores, which will be similar to those operated by Tengelmann in Europe. The new stores will be run by a West German executive and will carry the "Plus" name used by Tengelmann in Europe.

In essence, a limited assortment store is a mini-supermarket carrying between 450 and 1,000 items, compared with upwards of 12,000 in a traditional supermarket. The smaller stores require less floor-space, fewer employees and incur lower inventory costs.

Limited assortment stores first arrived in the U.S. in 1976 when Tengelmann's West German rival, Aldi-Benner, introduced a number of outlets. Since then, the entry of other operators has boosted the total number of limited assortment stores to around 350.

Apart from lower operating costs and therefore better profit margins, the smaller stores should give A and P the opportunity to retain some of its smaller inner city supermarkets that have ceased to be profitable as traditional operations.

Tengelmann has disclosed that a recent batch of open market purchases has carried its holdings in A and P to more than 42 per cent. But the company's current management is expected to be retained, and the indications are that Mr. Jonathan Scott, the chairman, and Mr. David Morrow, the president, will be offered fresh contracts when their present ones expire next February.

Having closed 289 stores in the last 12 months, A and P announced last Friday earnings for the quarter ended May 26 of 19 cents per share compared with a loss of 40 cents a share in the same period last year. Sales fell from $1.81bn to $1.66bn.

Paccar bid move

Paccar said that the Federal District Court in Milwaukee plans to enter a formal preliminary injunction order blocking its proposed offer for Harnischfeger Corporation, reports Reuter from Bellevue.

Questor downturn

Questor Corporation expects second quarter net earnings significantly below year ago levels of $3.9m or 40 cents per share, reports Reuter from Toledo. Last year's net included a 9 cent per share non-recurring gain.

General Mills sees record results

MINNEAPOLIS — General Mills expects record sales and earnings in the coming year, with the strongest year-to-year gains occurring in second and third quarters, said Mr. Robert Kinney the chairman.

For 1979, General Mills reported an increase of 8.2 per cent to $147m in net earnings, with share earnings at $2.92 against $2.58 in the previous year. Sales rose by 15.6 per cent to $3.7bn.

The final quarter of the year brought a 37.7 per cent increase to $30.3m in net earnings on sales 11.2 per cent higher at $896.9m.

Third quarter 1979 earnings included $4.4m pre-tax gain on sale of the English snack foods operations. But there was an $8.9m pre-tax charge, due to recall of the Riviton construction toy. Losses at Ship'n'Shore and costs associated with discontinuance of Kimberly totalled $20m.

Agencies

Domtar shares sold to Quebec

BY ROBERT GIBBENS IN MONTREAL

CANADA'S largest forest products company, MacMillan Bloedel, is selling its holding of 2.8m shares of Domtar, the major Eastern Canada pulp and paper and building materials group, to Caisse de Depot, the pension investment arm of the Quebec Government.

The price is C$75.6m or C$27 per share, the same price at which MacMillan bought the Domtar shares last December during a major takeover battle.

Together with Domtar stock already held by the Caisse, this means that roughly 21.6 per cent of the Domtar equity is held by the Caisse de Depot. Also, the Caisse becomes the largest single shareholder in Domtar.

The Caisse has assets of about C$7bn and is a major investor in Canadian equities, especially stocks of companies headquartered in Quebec.

Domtar said this morning that it regards the Caisse as a "friendly shareholder" and it understands that the Domtar share acquisition was made "strictly for investment purposes."

The 2.8m shares of Domtar now being sold to the Caisse were bought from Argus Corporation last December, at the time when the Black brothers were cementing their control of the large Toronto holding company, and had decided to raise Argus holdings in some subsidiaries and sell off minority holdings in others. The block of Domtar stock was in the latter category, even though it represented control and Argus representatives sat in the Domtar boardroom.

Siemens in $25m takeover

By Our New York Correspondent

SIEMENS, the leading German electronics concern, is spending $25m to buy control of Microwave Semiconductor Corporation.

Siemens said yesterday that it has agreed in principle the terms of the acquisition of the U.S. company, which is quoted in the over-the-counter market for a cash consideration of $14 a share.

Microwave, which has been expanding rapidly, had sales revenues last year of $11.5m and net income of $564,000 or 34 cents a share.

Siemens already has extensive U.S. operations, including a 20 per cent holding in Advance Micro Devices.

Canada to make major disposals

BY VICTOR MACKIE IN OTTAWA

THE CANADIAN Government is to sell two Crown corporations—Canadair and de Havilland Aircraft of Canada—the Treasury Board said.

The Federal Government purchased de Havilland in 1974 and Canadair in 1976 to ensure that they would remain in Canadian ownership. The purchase price for each company was the same, C$38m. Canadair was bought from General Dynamics of the U.S., and de Havilland from Hawker Siddeley of the UK.

Canadair showed a net profit of C$3.2m for 1978, and expects to make even more this year through continued sales of its wide-bodied Challenger executive jet. More than 100 of the C$7m jets have been sold abroad.

De Havilland Aircraft showed a profit of C$1.89m for 1978, due largely to improved sales of their Dash-7 short-take-off-and-landing aircraft. More than 50 have been sold in Canada and abroad.

De Havilland also produces Twin Otter and Buffalo aircraft for passenger and cargo service.

In May, the new Government announced its desire to dispose of Petro-Canada, the Federal Government-owned oil company. However, in Tokyo, Prime Minister Joe Clark announced his decision to postpone that move indefinitely.

The Crown owns or controls in Canada more than 400 corporations.

Tenneco sues over price fixing

BY OUR NEW YORK CORRESPONDENT

TWO offshore oil drilling equipment manufacturers, J. Ray McDermott and Brown and Root, are facing further allegations of price fixing as a result of a suit filed against them by Tenneco.

Tenneco, which did business with the two companies from 1960 to 1976, alleges that Brown and Root and McDermott allocated marine construction projects between them and submitted false bids after determining which of them would be the low bidder and which the high bidder.

McDermott and Brown and Root, who dominate the market for offshore drilling rigs, pleaded no contest and were fined $1m each in December of last year.

Last month, a Federal judge in New Orleans also fined the former chairman of McDermott, Mr. Charles L. Graves, and Mr. Hosea W. Bailey, executive vice-president of the company, a total of $300,000 on charges in connection with the bid-rigging scheme.

Mr. Edward L. Tallichet, senior vice-president of Brown and Root, was described by the judge as the "least culpable" of the three defendants, and was fined $25,000.

Rothmans Canada outlook

TORONTO—Rothmans of Pall Mall Canada expects better first quarter earnings this year than in the previous year, disclosed Mr. Robert H. Hawkes, following the annual meeting. He said sales were "flat," in line with industry performance.

In the first quarter last year, the company reported operating earnings of $6.5m or $1.23 a share on revenue of $209.7m.

Mr. John R. Devlin said the directors do not intend to recommend conversion of second preference shares into common. The company's 1m second preference shares are convertible into common on the basis of 1½ preference share for each common share until October 1979.

A few thousand have been converted so far and if all the preference shares are converted, Rothmans International indirect holding in Rothmans of Pall Mall Canada would be reduced from 85.6 per cent to 64.3 per cent.

AP-DJ

MEXICO'S CAR INDUSTRY

The waking giants

BY WILLIAM CHISLETT IN MEXICO CITY

MEXICO'S car industry is moving into high gear as the major companies announce expansion plans aimed at greatly boosting exports and penetrating the local market.

Between now and 1982, new investment (including the car components industry) is estimated at 24bn pesos ($1bn) and export earnings over that same period at 80bn pesos ($3.5bn).

Only one in every 18 Mexicans has a car, and with a predominantly young population (totalling 67m, of which almost half is under the age of 16), which is increasing by 3 per cent a year, there is vast potential for domestic sales.

"The growth is going to be explosive," said Sr. Carlos Bandala Serrano, the president of Mexico's car industry association.

The Mexican car industry has now recovered from the dramatic slump in sales that followed the 80 per cent devaluation of the peso in 1976. Sales went from an all-time high of 231,108 cars in 1975 to 139,137 in 1976 and 194,471 in 1977.

Last year sales were 226,587, a 62 per cent increase over 1977 and just 2 per cent below the 1975 record. This year, sales will probably increase by between 15 and 20 per cent to set a new record. In the first four months of this year, sales rose by 19.8 per cent over the same period in 1978.

Since 1975, the structure of the Mexican car industry has not substantially altered. Volkswagen's percentage of the market has dropped from 28 per cent to about 20 per cent, but it is still just the market leader, selling 40,194 cars between January and April this year as against 31,534 in the same period in 1978.

Chrysler is in second place, selling 31,386 cars in that period compared with 25,206 in 1978, although overall Chrysler just topped Volkswagen in total sales last year. Compared with most of the rest of Chrysler's operations, Chrysler Mexico stands out like a bright deed in a naughty world.

> The expectation of substantial growth in Mexico's car industry is attracting the attention of the major world manufacturers, several of whom plan major plant investments in the country.

The total accumulated investment in the industry at the end of 1978 was 15bn pesos ($663m), with a workforce of 46,000. It occupies second place, after oil, in the value of its exports, which were worth 17bn pesos ($752m) last year.

According to a Government decree issued in 1977, soon after President Jose Lopez Portillo came to office, the industry has until 1982 in which to balance its export-import accounts. The decree aims to make the industry more integrated: cars are assembled in Mexico, but many companies have to import a lot of components.

By 1982, the imports of the seven companies will have to be no greater than their exports. As a result Volkswagen, Ford, General Motors and Renault have all announced expansion plans this year, which combine making more components in Mexico and boosting exports.

Volkswagen, which still makes the Beetle, the equivalent in popularity in Mexico to the Mini in Britain, will invest 3bn pesos ($132m) between now and 1980. Ford will invest 1bn pesos ($44m) and General Motors $400m.

Ford's investment will enable the company to produce 21,000 more cars and lorries a year, an increase of 29 per cent. A new plant is to be built at Ford's complex at Cuautitlan, near Mexico City, by the end of 1980.

Ford has also entered into a joint venture—in a minority position, for the first time in its history—with Grupo Industrial Alfa, Mexico's leading holding company, to build a plant for aluminium motor heads.

General Motors is to build a new plant near Saltillo in North Mexico, which eventually will produce all of the company's cars in Mexico. The existing plant in Mexico City will cease to produce cars, but will continue to make lorries.

General Motors is also to build an engine plant near Saltillo with the capacity to produce 1,600 engines a day.

EUROBONDS

U.S. domestic interest as dollar continues to rally

BY JOHN EVANS

EURODOLLAR BONDS were little changed in light trading yesterday.

The rally of the dollar in exchange markets, however, tended to generate a slightly higher level of buying activity, dealers said. Some U.S. domestic interest was also shown in recent American corporate Eurobonds which were now becoming free for placement in the U.S.

Among new issues, the Venezuelan financing agency, C. A. Cavendes, is offering $20m of Bearer Depositary Receipts, which in turn represent interests in floating rate certificates of deposit.

The seven-year issue will bear an interest rate ½ a percentage point over interbank rates with a minimum rate of 7½ per cent. The flotation is being handled by a group headed by European Banking Company and United International Bank.

The Deutsche-Mark Eurobond market lost some ground, with recent issues for Sweden, the World Bank and Inter-American Development Bank easing around ¼ point.

The possibility that the Bundesbank may, at a credit meeting later this week, raise its Bank Rate and Lombard rate slightly unsettled the market.

Elsewhere, Eurosterling issues shed between ¼ and ½ point, as sterling lost further ground after peaking out at over $2.25 last week.

MEDIUM-TERM FINANCING

Ireland plans to borrow $300m

BY OUR EUROMARKETS STAFF

THE Republic of Ireland is in the process of arranging a $300m syndicated Eurocurrency credit. The maturity will be 10 years, with a spread of ¾ percentage point over interbank rates throughout the life.

The loan is being arranged by five banks, Allied Irish Banks, Bank of Ireland, Citicorp International Group, Commerzbank, and S. G. Warburg which will in turn form a broad management group.

The proceeds will be used for general budgetary purposes.

Two European banks are sounding out the market with a view to arranging a $300m credit for the Kingdom of Morocco. Indicated terms are understood to include a maturity of 10 years and a split spread of ⅞ per cent for the first three years rising to 1 per cent for the remainder. Such were the terms on which a $200m credit for the Moroccan state phosphate company, Office Chérifien des Phosphates, was recently completed.

Morocco's foreign exchange reserves, which had fallen by 41 per cent during the first quarter of this year to $263m, rose by $100m during the second quarter.

However, the country's trade deficit has also risen, to reach $399m during the first three months of the year. This deterioration has occurred despite the strict import restrictions introduced last year. Exports during the first quarter amounted to $425m, while imports increased to $824m.

The deficit is expected to worsen this year because a poor harvest in 1978-79 will increase the level of food imports and because the cost of imported oil will soar.

Morocco's debt service absorbed just under 17 per cent of the export receipts of goods and services last year. That figure is expected to rise to 20 per cent this year.

Setback for Joy Manufacturing

PITTSBURGH — Joy manufacturing expects a 20 per cent to 25 per cent drop in third quarter earnings on a 12 per cent to 15 per cent decline in sales, according to Mr. J. W. Wilcock, chairman and chief executive. The maker of heavy equipment for the coal mining and petroleum industries expects net earnings of between $8.5m and $9.1m for the third quarter ended June 29, equal to between 65 cents and 70 cents a share. This compares with $13.3m or $1.04 in the 1978 third quarter

Third quarter sales fell to between $185m and $190m from the previous year's $216.8m.

Mr. Wilcox attributed Joy's lower-than-expected third quarter profit performance to a decline in earnings in the air-pollution control equipment group, losses at several foreign subsidiaries, rapid increases in raw material costs and some internal manufacturing efficiency problems.

For the nine months, however, Joy expects to report earnings of some $32.5m to $33.5m, equal to $2.51 to $2.56 a share, up from the previous year's $25.1m or $1.94 a share.

For the full year ending September 29, Mr. Wilcock predicted a substantial earnings improvement over fiscal 1978 earnings of $39.1m or $3.01 a share.

AP-DJ

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on July 9

U.S. DOLLAR

STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	50	99¼	99¾	0	+0¼	10.09
Alex Howden XW 9½ 91	30	83½	84⅞	−1½	−1½	12.05
Avco O/S Cap. 10½ 87	40	97½	98	−0½	−0⅝	10.67
Bayer Int. F. XW 7¼ 89	200	84¼	84⅞	0	0	9.61
CECA 9¼ 84-99	50	95	95½	0	0	9.92
Canada 9 83	400	98⅞	99¼	+0⅛	−0⅛	9.46
Canada 9¼ 88	250	†98⅝	98⅞	+0⅛	+0⅛	9.50
Canadian Pacific 9¼ 89	50	98½	99	+0⅛	+0⅛	9.95
Comalco Inv. E. 10¼ 91	40	98⅜	98⅞	+0⅛	+0⅛	10.30
Dominion Bridge 10¼ 84	30	99½	100	+0⅛	0	10.31
Dow Chem. O/S 9¼ 94	200	98½	98¾	−0⅛	−0⅛	9.33
EIB 9¼ 88	150	99¾	100¼	0	−0⅛	9.85
EIB 9⅞ 89	100	100⅝	101⅛	0	+0¼	10.01
EIB 9⅞ 87	150	100⅞	101⅜	0	+0⅛	9.90
EIB 10 99	150	101½	102	−0⅛	+0⅛	10.04
Export Dv. Cpn. 9.85 84	150	101½	102	+0⅛	+0⅛	9.58
Export Dv. Cpn. 9¼ 84	100	97½	98	−0⅛	−0⅛	9.85
Eksportfinans 9 86	50	95¼	95⅞	0	−0⅛	9.79
Finland 9½ 86	100	97⅜	98⅛	+0⅛	0	9.90
GTE Finance 9½ 84	50	97⅜	98⅛	+0⅛	0	10.07
GTE Finance 9¾ 89	55	98⅝	98⅞	—	—	10.31
Gen. Motors Acc. 9¼ 86	100	98	98½	—	—	9.60
Gould Int. Fin. 9¾ 85	50	98⅞	99⅜	−0⅛	−0⅛	9.93
Hoechst Fin. XW 6¾ 89	125	88¾	89¼	—	—	8.42
Hospital O/S 9 83	25	96⅝	97⅛	+0⅛	+0⅛	9.93
Hudson Bay Co. 10 94	50	100	100½	0	−0⅛	9.95
Ital Finance 9½ 90	30	†88	89½	+7	0	11.68
Ital Finance 10½ 83	40	†88	89½	+1	0	12.13
ITT Antilles 9½ 89	75	96⅝	97⅛	−0⅛	−0⅛	10.00
Kennecott Int. 9½ 86	100	96¼	96¾	0	0	10.22
Manitoba 9½ 89	75	97⅜	97⅞	+0⅛	0	9.86
Nat. Des Telecm. 9½ 86	100	98½	99	+0⅛	+0⅛	9.75
New Brunswick 9¾ 94	75	97⅜	97⅞	0	0	10.05
Newfoundland 10 94	50	99⅜	99⅞	−0⅛	−0⅛	10.04
Norsk Hydro 9¼ 94	50	95½	95⅞	−0⅛	+0⅛	9.81
Norway 9¾ 84	150	100⅝	101⅛	−0⅛	+0⅛	9.73
Norway 9½ 84	150	98⅞	99⅜	−0⅛	0	9.72
Nova Scotia Pwr. 9¾ 89	50	98	98½	−0⅛	0	10.03
Occidental Fin. 10¼ 84	50	99⅝	100⅛	+0⅛	+0⅛	10.24
Orient Leasing 9½ 86	25	96½	97	0	−0⅛	10.17
Pennwalt O/S F. 9¾ 84	25	98¾	99¼	0	0	10.01
Portland 10 84	50	97⅜	97⅞	−0⅛	+0⅛	10.64
Quebec Hydro 10 99	75	96½	97	0	0	10.39
Redland Fin. XW 9½ 91	25	92	92½	+0⅛	−0⅛	10.68
Sears Roebuck 9 82	150	98⅜	98⅞	0	+0½	9.58
Stockholm 9¾ 94	60	100½	101	0	+0⅛	9.88
Sweden 9¾ 89	100	99⅛	99⅝	−0⅛	−0⅛	9.84
Sweden 9½ 89	200	99½	100	0	+0⅛	9.77
Unilever NV 9¼ 87	100	97⅜	97⅞	—	—	9.74

DEUTSCHE MARK

STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 6½ 87	70	93½	94¼	0	0	6.55
Argentina 6½ 88	150	89⅜	89⅞	−0⅛	−0⅛	8.14
Argentina 7½ 89	150	94½	94¾	0	−0⅛	8.35
Austria 5¾ 90	150	88⅝	89⅛	−0⅛	−0⅛	7.20
Banco Desarrollo 7¼ 86	100	95½	96	−0⅛	−0⅛	8.09
Barclays O'seas 6¾ 89	100	97⅜	97⅞	0	−0⅛	7.11
Bq. Ext. Algerie 7¼ 85	100	94⅞	95⅜	−0⅛	−0⅛	8.23
Brazil 7¼ 87	150	96	96½	−0⅛	−0⅛	7.90
CECA 6 88	150	90⅜	90⅞	−0⅛	−0⅛	7.44
CECA 7 91	150	97⅜	97⅞	−0⅛	−0⅛	7.30
Copenhagen City 6 90	75	88¾	89¼	0	+0⅞	7.43
Council of Eur. 6¾ 88	130	92⅞	93⅜	0	+0⅛	7.34
Council of Eur. 7¼ 89	100	98⅛	98⅝	−0⅛	−0⅛	7.47
Denmark 5¾ 85	100	93⅜	94⅛	−0⅛	−0⅛	7.08
Denmark 6½ 89	100	93½	94⅛	+0⅛	−0⅛	7.41
EIB 6½ 91	200	93¼	93¾	−0⅛	+0⅛	7.35
EIB 7½ 89	200	100⅞	101⅜	−0⅛	−0⅛	7.33
Eletrobras-Brazil 7 87	100	94½	95	−1⅛	−0	7.96
Eurofima 6½ 89	100	98⅛	99	−0⅛	−0⅛	6.69
Finland 6 83	150	98¼	99	−0⅛	−0⅛	6.36
Indonesia 7 84	100	96⅞	96⅜	0	−0⅛	7.98
Megal Fin. 7 89	150	97½	98½	−0⅛	−1	7.31
Mitsubishi Chem. 6½ 84	70	100¼	100⅞	+0⅛	+0⅛	6.37
New Zealand 6¾ 87	200	96⅞	97⅜	+0⅛	+0⅛	6.72
Nippon Kokan 6½ 84	100	99⅜	99⅞	0	−0⅛	6.58
Nippon Tel. & T. 5½ 87	100	92¼	92¾	−0⅛	−0⅛	6.82
Nordic Inv. Bk. 6¾ 86	60	94⅝	95⅛	−0⅛	−0⅛	7.23
Norges Komm. 7¾ 91	150	100⅝	101⅛	—	—	7.64
Norway 6½ 84	200	100¼	101	−0⅛	+0⅛	6.08
Occidental 6¾ 90	150	93	93½	−0⅛	−0⅛	7.65
OKB 6½ 88	100	96¾	97	−0⅛	0	6.99
OKB 6 87	40	91	92	−0⅛	0	7.50
Tokyo Elec. Pwr. 6½ 85	200	97½	97¾	−0⅛	−0⅛	7.00
Venezuela 6½ 90	150	89⅜	89⅞	+0⅛	−0⅛	7.91
World Bank 6¾ 88	400	91¾	92¼	−0⅛	−0⅛	7.46

SWISS FRANC

STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Exp. Int. 3½ 93	40	92⅞	93⅛	+0⅛	+0⅛	4.15
Asian Dev. Bank 3½ 94	100	84½	84¾	0	−0⅛	5.05
Aumar 5 89	60	100⅛	100⅝	—	—	4.92
Austria 3½ 93	100	89⅞	90⅜	−0⅛	+1	4.44
Australia 3¾ 89	250	94⅝	94⅞	−0⅛	−0⅛	4.29
Brazil 4¼ 88	100	94½	94¾	−0⅛	+0⅛	4.98
Canada 3¾ 89	300	95¼	95¾	+0⅛	−0⅛	4.23
Council of Eur. 4¾ 90	100	95¼	95½	+0⅛	+0⅛	4.78
EIB 4½ 91	100	99½	99¾	+0⅛	+0⅛	4.54
Heron 4¾ 89	35	93⅛	93⅝	+0⅛	+1⅛	5.16
ICI Fin. NV 3½ 94	230	91¼	91¾	+0⅛	+0⅛	4.32
Malaysia 4¾ 90	80	96	96½	+0⅛	−1⅛	5.21
New Zealand 3½ 94	120	90⅛	90⅝	−0⅛	−0⅛	4.39
OKB 3¾ 91	100	90¼	91	−0⅛	−0⅛	4.78
Pfand Ost. Lande 4 90	60	94½	94¾	−0⅛	−1⅛	4.67
Philippines 4¾ 89	50	96	96½	−0⅛	−1⅛	5.27
Sandvik 4 90	85	95¼	95¾	0	+1	4.51
Spain 4 91	100	93⅞	94⅛	+0⅛	+0⅛	4.66
Staweag 4¾ 91	60	101⅛	101⅝	—	—	4.61
Voest-Alpine 4¾ 89	90	103½	104	+0⅛	+0⅛	4.28
World Bank 4¾ 88	100	103¼	103¾	0	−0⅛	4.21

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5¾ 88	15	85⅞	86⅞	−0⅛	−0⅛	7.89
Australia 5.6 83	30	92¼	93¼	0	+0⅛	7.71
Australia 6½ 88	20	90	91	+1⅛	+0⅛	8.11
Finland 5.6 83	10	90¾	91¾	+0⅛	+0⅛	8.13
Finland 6.8 88	10	90¾	91¾	0	0	8.39

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	95¼	96⅞	−0⅛	−0⅛	9.98
Avco Fin. 10¼ 88 C$	25	96½	97	0	0	10.93
Ex. Dev. Cpn. 10 84 C$	50	99⅜	99⅞	+0⅛	+0⅛	10.15
Fst. Can. Inv. 10 84 C$	50	98½	99⅛	+0⅛	+0⅛	10.22
Hudson Bay 10½ 89 C$	60	99⅝	100⅛	0	+0⅛	10.51
Quebec 10¼ 86 C$	50	97⅝	98⅛	0	−0⅛	10.69
R. Bk. Canada 10 86 C$	40	100	100½	0	−0⅛	9.95
R. Bk. Canada 10 84 C$	40	96⅜	96⅞	0	0	10.46
Copenhagen 8¾ 91 EUA	25	97⅛	98	+0⅛	+0⅛	8.47
Komm. Inst. 7¼ 93 EUA	15	84½	85¼	0	+0⅛	9.08
Panama 8¾ 93 EUA	20	93⅜	94⅛	+0⅛	−0⅛	8.89
SOFTE 8¾ 89 EUA	40	95¼	97	+0⅛	+0⅛	8.87
Algemene Bk. 6¾ 83 Fl	75	92	92½	+0⅛	−0⅛	8.89
CFE Mexico 7¼ 83 Fl	75	94½	94⅞	+0⅛	−0⅛	9.48
EIB 7¾ 85 Fl	75	90⅞	91⅜	+0⅛	−0⅛	9.17
Ned. Middbk. 8¼ 84 Fl	75	97⅜	98⅛	+0⅛	−0⅛	8.78
New Zealand 6¾ 84 Fl	75	90¾	91¼	+0⅛	+0⅛	9.07
Norway 8¼ 84 Fl	100	97⅛	97⅝	+0⅛	−0⅛	8.94
Elf Aquitaine 9¾ 88 FFr	150	93¾	94⅛	0	−1⅛	10.82
EIB 9¾ 88 FFr	200	93½	94⅛	−0⅛	−1⅞	10.84
Euratom 9¾ 87 FFr	150	93¾	94¼	0	−2⅛	10.96
Norway 9¾ 84 FFr	200	96⅞	96⅞	+0⅛	0	10.24
PSA Peugeot 9¾ 87 FFr	175	93⅞	94½	+0⅛	−1⅞	10.92
Saint-Gobain 9¾ 86 FFr	130	93¾	94⅛	−0⅛	−2⅛	11.14
Solvay et Cie 9¾ 87 FFr	125	93¾	94⅛	−0⅛	−2⅛	10.97
Total Oil 9¾ 87 FFr	150	91⅞	92⅞	−0⅛	−1⅛	10.87
Unilever 10 85 FFr	100	96⅝	97¼	−0⅛	−1⅛	10.70
Citicorp 10 93 £	20	92¼	92⅞	−0⅛	+0⅛	11.07
EIB 9⅞ 88 £	25	90	90⅝	+0⅛	−0⅛	11.55
EIB 11½ 91 £	25	95½	96	−0⅛	−0⅛	12.19
Finance for Ind. 13 91 £	15	103⅜	104⅛	−0⅛	+1⅛	12.35
Fin. for Ind. 12¼ 89 £	30	99⅝	100⅛	—	—	12.52
Gen Elec. Co. 12½ 89 £	50	101⅛	101⅝	−0⅛	+1⅛	12.20
Euratom 8 87 LuxFr	500	96	97	−1½	−1½	8.85
Norges Km. 8 86 LuxFr	500	96	97	+0⅛	−0⅞	8.64
Oslo, City of 8 89 LuxFr	500	97½	98½	0	+0⅛	8.30
Solvay Fin. 8 85 LuxFr	500	95¼	96¼	0	−1⅛	8.89
Swedish Bk. 8 88 LuxFr	500	†95¼	96¼	0	−1	8.68

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BFG Fin. Co. M5.5 89	0¼	98⅞	99⅛	12/7	12.4	12.54
BNDE M6 89	0¼	96⅞	97⅜	21/9	11⅛	11.44
Banco di Roma M6 87	0¼	98⅜	98⅞	26/10	11.19	11.34
Bco. Nac. Argent. 7 88	0¼	97½	97⅞	22/9	11½	11.78
Banco Prov. BA M7½ 88	0¼	98¼	98⅞	12/6	11	11.17
Banco Urquijo 6 88	0¼	97⅞	98⅜	21/9	11½	11.72
Bank of Tokyo M5½ 93	0¼	98⅞	99⅜	18/10	11⅜	11.85
Bq. Ext. d'Alg. M7.5 85	0⅛	94⅞	95½	2/11	11⅞	12.48
BNP 6½ 91	0¼	98⅜	98⅞	22/2	11⅜	11.53
Citicorp O/S Fin. M6 94	‡0¼	99⅝	100	8/9	10.69	10.71
Creditanstalt M5½ 91	‡0¼	98⅛	98⅝	14/9	10⅞	11.05
Gotabanken M6 88	0¼	98⅞	99⅛	15/5	11½	11.65
Ind. Bk. Japan M5½ 85	0¼	99⅝	100⅛	1/12	10.94	10.97
Jugobanka M8 89	0⅞	95½	96½	23/11	11⅞	12.37
LTCB Japan M5¾ 85	0¼	99½	100	9/10	11⅝	11.65
LTCB Japan M5½ 89	0¼	99	99½	7/12	11⅛	11.21
Leumi Int. Inv. M6 88	0¼	98⅞	99⅜	28/8	—	—
Mitsui. Han. O/S M5¾ 94	‡0¼	99⅛	99⅝	23/8	11.19	11.28
Nat. West. M5¾ 94	0⅛	98¼	98¾	11/7	—	—
Ninn. Crdt. Bk. M5.5 85	0¼	99	99½	22/12	10.94	11.01
OKB M5¾ 88	0¼	99⅛	99⅝	18/10	11.44	11.49
Petro-Mexicano M7 84	0⅛	98½	99	24/7	12.06	12.22
Privredna Banka M8 86	0⅞	95⅞	96⅜	20/12	11.58	12.03
Sogenal M5¾ 89	0¼	98⅜	98⅞	13/7	—	—
Sundsvallsbnkn. M6 85	0¼	98⅜	98⅞	4/10	11.06	11.23
Texas Int. Air. M7 88	0¼	96⅞	97⅜	11/10	11⅛	11.64
TVO Pwr. M9 91 (D-L)	0¼	97⅝	98⅛	24/11	11⅛	11.35
Utd. Overs's Bk. M6 89	0¼	97½	98	29/9	11.14	11.39
Bq. d'Alg. M4.25 89 SF	0¼	97¼	98¼	18/12	4⅛	4.34

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktbolag 7½ 89	10/79	174	95⅛	95⅞	—	−89.90
Ciba-Geigy O/S F. 4 94	9/78	675	93¼	94½	−0⅛	−16.52
Coca-Cola Bottling 6¾	4/79	9	85¼	86¼	+0½	12.83
Credit Suisse 4¾ 93	10/78	1325	104⅝	105½	−0¼	3.87
Esselte 7¼ 89	9/79	159	95⅞	96⅞	−0⅛	1.22
Honda Motor 5½ 89	5/79	532	97	97⅞	+1⅛	3.40
Nitto Elec. Ind. 6 94	7/79	735	86½	87½	+0⅛	3.56
Novo Industri 7 89	4/79	259	87¼	89¼	+0⅛	6.21
Asahi Optical 3½ DM	12/78	588	80⅞	81⅞	−1	12.80
Fujitsu 5 84 DM	7/79	475	99⅛	99⅞	−0⅛	22.58
Jusco 3½ 86 DM	1/79	1154	81½	82½	−0⅛	34.54
LPC Internatnl. 8 89	9/79	35	102½	103¼	—	13.41
Kansai Elec. 4 84 DM	4/79	1258	87⅞	88⅞	+0⅛	28.72
Konishiroku 3½ 85 DM	1/79	612	83⅛	83⅞	−0⅛	20.99
Marudai Food 3½ DM	2/79	1033	81⅛	82	−0⅛	42.37
Nippon Yan. 3½ 85 DM	1/79	251	121⅛	122⅛	−0½	1.26
Nissan Diesel 3½ 86 DM	2/79	477	87⅞	88⅞	−0⅛	8.20
Olymp. Opt. 3½ 85 DM	2/79	703	91⅞	92⅞	+0⅛	1.98
Sharp Cpn. 3½ 86 DM	2/79	487	89	89¾	−0⅛	13.72
Stanley Elec. 3½ DM	11/78	623	82⅛	83⅛	−0⅛	43.53
Tokyo Elec. 3½ 87 DM	4/79	476	88⅛	88⅞	−0⅛	35.01
Tokyo Ld. Cp. 4 86 DM	4/79	493	83⅛	84⅛	−0⅛	17.46
Trio-Kenwd. 3½ 86 DM	11/78	711	79½	80⅛	−0⅛	40.28

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units, except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

VOLKSWAGEN'S EXPANSION PLANS

Driving hard into the U.S. market

BY LESLIE COLITT IN BERLIN

IT IS NO coincidence that Volkswagen is launcing its largest ever expansion programme in the midst of world-wide fears over petrol prices and supplies, admits Herr Toni Schmuecker, chairman. The company has a stable of "low fuel consumption" cars which have boosted company sales this year by 13 per cent *world-wide* and 42 per cent in the U.S.

As a result, says Herr Schmuecker VW has hastened plans to spend some DM 1.5bn ($820m) to expand production at its Pennslyvanian plant and to build an engine factory for VW de Mexico. This would supply both the Mexican-built Caribe car and Volkswagen of America's Rabbit car—both slightly altered Golfs—which have engines currently imported from West Germany.

VW will be able to produce a larger number of cars outside high-cost West Germany where hourly labour and social costs are DM 24.44 at VW's domestic factories. This compares with DM 16.50 an hour for VW of America, DM 5.83 an hour for *VW de Mexico and DM 4.08* an hour at VW do Brazil. Already VW in Brazil supplies engines for the Dasher (Passat) while Mexico supplies Europe with VW Beetles and the U.S. with body floor stampings for the Rabbit.

More world integration of VW factories is likely. Herr Schmuecker says VW is "seriously considering" building a second plant in the U.S. which would boost North American investments by another DM 600m. VW executives explain there is no other way to attain VW's goal of capturing 5 per cent of the American car market. A VW team is said to be actively searching for a site in the "western states."

*If 5 per cent of the U.S. mar*ket sounds ambitious—VW has 3.4 per cent currently—a VW spokesman recalls that in 1970 Volkswagen had a market penetration in the U.S. of 6.6 per cent.

Volkswagen's thrust for a larger manufacturing presence in North and South America is fuelled by a number of attractive economic arguments. Labour costs, clearly, rank very high in the company's economic analyses

Recent reports of an imminent VW take-over of the ailing Chrysler Corporation are dismissed by Herr Schmuecker but this does not mean that the two companies are not talking. Herr Schmuecker told share*holders at last week's annual* meeting in Berlin that VW and Chrysler are conferring on "joint production of engines." Currently, Chrysler purchases an annual 300,000 engine blocks from VW in Germany and some 120,000 manual transmissions.

VW notes the company will have to start manufacturing engines in the U.S. for the cars to be produced at the yet-to-be-built VW plant. However, *250,000 Golf* engines—presumably the number of cars that would initially be produced in the U.S.—would be too few for a new American engine plant. This is where Chrysler enters the picture.

If the engine plant could turn out a range of VW engines for both companies it would achieve an optimum level of output. It would also establish a strong link between the third-ranking American automobile company, Chrysler, and the fourth-ranking one, Volkeswagen.

At the same time VW has been playing its Brazilian card by buying 67 per cent of the Chrysler Corporation do Brasil which Herr Schmuecker notes will give VW the opportunity to establish itself in the "ever *more promising*" Brazilian truck market. "Plans are under way," he told shareholders, "to develop a truck line from 4 to 13 tons." VW would profit greatly here from the know-how it obtains through the co-operation agreement it has with MAN.

VW's *DM8.9bn* expansion programme over the next three years — DM3.3bn previously appropriated and DM5.7bn approved by the supervisory Board last week—is not "hard and fast" in all details. Herr Schmuecker, it is explained, has received blanket approval for his medium-term investment strategy but this can be expected to be adjusted in the short-term as "circumstances require."

Meanwhile, VW is girding itself financially for the years of expansion ahead. The com*pany is raising authorised capi*tal by DM300m to DM1.5bn in the next five years. The company explained that "in the past when we needed money our timing was wrong. We want to be able to increase authorised capital at a time when shareholders are in a good mood."

Most of the 3,000 shareholders at the annual meeting appeared happy enough with the news that worldwide sales to the end of June were up 13 per cent to DM 15.6bn with profits in the first quarter DM 13m higher at DM 175m.

Referring to competition from abroad, VW explains that the Japanese, who have achieved over a 3 per cent market share in West Germany, are being watched closely. VW has a few Asian cards up its own sleeve. Talks are taking place with South Korea's Hyundai car company about the possibility of setting up a joint venture to supply the Asian market.

Sacilor to purchase Pompey

By Terry Dodsworth in Paris

THE FIRST STEP in the long-awaited re-organisation of the French special steels industry is expected shortly with the take-over of Acieries de Pompey by the state-backed Sacilor, France's second-largest steel group.

Pompey, based in North-west France, alongside most of the Sacilor plants, has been in trouble for some time. Like Usinor and Sacilor, the two big groups recently rescued by the Government, the company is suffering from heavy debts which are weighing down relatively healthy trading.

Because of difficulties in financing its borrowings, estimated to account for over 16 per cent of its FFr 1bn ($227m) turnover, the company was given the backing of special state development and social funds earlier this year. Meanwhile, it has been working on a rescue plan which has aken *in the possibility both of a link* with Usinor and Sacilor.

It is likely that the Government will assist a deal with Sacilor by taking on some of the debts in a similar arrangement to the one concluded with the two larger groups. This would mean providing some sort of relaxation on interest and debt repayments to creditors, including the banks.

Pompey's strength in the special steels sector lies in its connections with the motor industry, still growing in France and enjoying an extremely vigorous period this year. Almost half of its activity is in this area and it has strong links with Michelin, the tyre manufacturer for which it produces the wire *used in radial* tyres.

Sacilor's interest in the deal derives from its weakness in the special steels area. Since the Government reorganisation and the introduction of new management, the company has been moving gradually towards a broader base. It recently took over Davum, a steel distribution group, from Saint-Gobain-Pont-a-Mousson, and has openly talked about its aim of developing a specialist branch of activity.

It is thought that these ambitions for diversification may lead Sacilor into further involvement in the restructuring of the special steels industry, which has become urgent in France, following heavy losses last year.

● Three bond issues totalling FFr 1.2bn have been floated on the French capital market. They include a funding from Credit Lyonnais, one of the "big three" French nationalised banks, which is raising *FFr 500m over 12 years.*

Siemens sales performance held in check by nuclear problems

BY ROGER BOYES IN OSLO

SIEMENS, the leading West German electrical and electronics group, increased its total turnover by only 2 per cent in the first eight months of the 1978-79 fiscal year, mainly because of the problems dogging its subsidiary, Kraftwerk Union. However, if KWU, a major power plant construction company, is excluded from the results, Siemens is roughly on target with a 5 per cent increase in turnover.

KWU, whose results were consolidated into Siemens for the first time *last year*, has been particularly hit by the Iranian crisis—the future of construction work on Iranian power plants is still for from certain. Dr. Bernhard Plettner, the Siemens chairman, made clear at a news conference in Oslo, though, that the group had pro*vided for all ascertainable risks* and that this year's results were unlikely to be greatly disturbed by the uncertainties surrounding KWU projects.

Total orders rose during the first eight months of Siemens fiscal year, from October 1 to May 31, from DM 18.3bn to DM 19.7bn ($10.7bn), representing an 8 per cent increase, or 9 per cent without KWU's restraining influence. A further token of how KWU, whose turn*over last year was DM 5.5bn, is* plaguing Siemens, comes in the export order figures for the first eight months which were unchanged at DM 5.8bn. Without KWU's problems, Siemens would have recorded a 4 per cent increase.

The orders outlook is none*theless healthy. A steady rise* in domestic demand and a pick-up in the world electrical market lead Siemens executives to believe that the group will probably maintain last year's turnover level, despite KWU. A slight but significant shift towards the domestic market is becoming increasingly apparent. Orders from German customers grew during the first eight months at a faster rate than those from abroad and the gap between the two has narrowed considerably.

Orders from within Germany totalled DM 9.6bn against *DM 8.4bn in the same period* last fiscal year, while foreign orders totalled DM 10.1bn compared with DM 9.9bn in the first eight months of 1977-78. This is almost certainly a reflection of reduced large-scale orders, particularly from the oil-producing countries. "It is not," as one Siemens executive stressed, "*because of a lack of competitiveness.*"

The main growth areas in Siemens are the data processing, telegraph systems and components sectors. The largest two of Siemen's seven major divisions — the energy and power equipment divisions and *telecommunications—are also* making a strong impact on the order situation.

Siemens estimates that communications technology will become increasingly important on the world electronics market—and thus for Siemens itself—with its proportion of the *market rising from 25 per cent* to about 27.5 per cent by 1990.

To prepare for this, Siemens is spending an unsually large amount on research and development. This fiscal year, it is planning an expenditure of DM 2.6bn compared with DM 2.3bn in 1977-78, represent*ing about 8-10 per cent of world* sales. Some 45 per cent of total sales are based on products developed within the past five years and 75 per cent on products that did not exist in their present form 10 years ago.

Kloeckner shows mild optimism

BY GUY HAWTIN IN FRANKFURT

KLOECKNER AND CO, the holding company run as a limited partnership for the Kloeckner steel, fuel and engineering interests, describes its first half perforance as "not unhealthy," indicating that it *will fulfil its March forecast of* a "successful" year.

According to the interim report, sales to the end of May rose by 10 per cent on the comparable period of 1978.

Last year, the concern's annual turnover rose by 5.6 per cent from DM 7.39bn in 1977 to DM 7.8bn ($4.24bn). Net profits, at the same time, rose 16.4 per cent from DM 28.1m to DM 32.7m.

The improvement in earnings last year is attributed in the report to the fruits of investment in earlier years and the effects of West German corporation tax reform. The benefits of the tax reform, for instance, were *largely responsible for the increase in the group's earnings* from its holdings in outside companies from 1977's DM 14.5m to DM 23.6m.

It is clear from the report that the rationalisation measures the group has undertaken during the past three years have succeeded in pushing up earnings. However, it still has a long way to go before it returns to profit levels of previous years—in 1976, for instance, net earnings amounted to DM 44m.

Kloeckner said that total external turnover last year increased from DM14.13bn to DM14.43bn ($7.85bn). Among its largest operations, Kloeckner and Co. saw the sales of Kloeckner-Humbolt-Deutz fall back from 1977's DM4.02bn to DM3.74bn, while those of Kloeckner-Werke increased from DM4.12bn to DM4.24bn.

This year, Kloeckner and Co. has been particularly successful in the steel trading and industrial plant business. But there have also been improvements in other sectors, including construction where home demand has been on the increase.

U.S. deal for Delhaize

ATLANTA — Alterman Foods has tentatively agreed to sell its assets and business, with the exception of its real estate, to a U.S. subsidiary of the Belgian company, Delhaize "Le Lion" for an amount equal to Alterman's tax basis book value.

Alterman said that at the close of its fiscal year ended April 28, its tax basis book value was $34.7m, or $25.43 a share.

It will give its shareholders a chance to purchase Alterman's real estate for its tax basis book value was $34.7m, or $25.43 a the Belgian company.

Alterman said that after it sells its assets to Delhaize it will offered to buy its shares back.

After Alterman redeems its shares, it will become an investment company investing in tax-free municipal bonds.

AP-DJ

Adia Interim expansion

By John Wicks in Zurich

ADIA INTERIM, the Swiss-based temporary-employment bureau, has purchased Aktie 68 with its headquarters in Amsterdam and 28 offices throughout Holland.

The Aktie 68 network will supplement Adia Interim's existing Dutch operations through its subsidiary company Keser.

New venture for Swedish special steelmakers

BY VICTOR KAYFETZ IN STOCKHOLM

TWO SWEDISH special steel groups, Uddeholm and Sandvik, have reached final agreement on the formation of a new company, Uddeholm Strip Steel, with a capital of SKr 50m of which Uddeholm owns 65 per cent and Sandvik the rest.

The new company, which begins its operations immediately, is taking over the facilities of Uddeholm's former *strip steel division* and is headed by its former manager, Mr. Anders Sandin. Its Munkfors cold rolling mill will eventually receive *all* the hot strip needed as raw material from Sandvik, while Uddeholm's steel plant at Hagfors phases out production of hot strip and shifts its resources to the expansive tool steel area.

Uddeholm stressed, however, that products from the Munkfors mill "*will be sold just as before* via Uddeholm's well-developed marketing organisation and in competition with Sandvik."

At Uddeholm's recent annual general meeting, Mr. Gunnar Wessman, the managing director, said formation of the new company was designed to avoid duplication of new investments by Uddeholm and Sandvik.

In a similar deal, Uddeholm last month merged its stainless steel operations with those of Sweden's Graenges group in a joint company with Uddeholm *holding 90 per cent.*

Staff made redundant by the shutdown of hot strip production at Hagfors are being *offered other* work in the Uddeholm group. Trade unions have declared this guarantee insufficient.

* * *

ATLAS COPCO, the Swedish manufacturer of mining and construction equipment, is to acquire the capital of Jarva Inc. of the U.S., a manufacturer of tunnel-boring machines. Price was not disclosed. The agreement is subject to review by *the Federal Trade Commission* and certain preclosing conditions.

Jarva, under current management, will continue to manufacture and market tunnel-boring machines in the U.S., with Atlas Copco handling international sales and servicing. In 1978, Jarva had sales of $10m and Atlas Copco $1.1bn.

* * *

THE CAR division of Saab-Scania says strong demand means car output this year should rise to around 85,000 from 72,500 in 1978. First half 1979 sales rose 30 per cent to a record 45,800 with exports advancing 24 per cent to 30,400. Sales in value terms are rising *faster than the rate for unit* sales because demand is also coming through for the more exclusive models.

JAPANESE BONDS

An interest rate dilemma

BY RICHARD C. HANSON IN TOKYO

THE JAPANESE Finance Ministry's attitude toward interest rates has raised a dilemma over the Government's funding programme. About 40 per cent of the fiscal 1979 national budget is still to be financed with Government bonds, which means borrowing some Y15,000bn ($70bn) from a money market flush with *liquidity but unwilling to accept* yields well below the present secondary market.

Finance Ministry officials understand clearly the roots of the problem, but apparently feel unable to go beyond partial measures to take pressure off the market. Those so far proposed include cutting monthly issue amounts, and helping banks to cover depreciation *losses on Government bonds* to ease selling pressure.

"The simple solution would be for the Government to issue bonds at market prices instead *of artificially low interest rates,"* comments the deputy manager for international finance at one of the big four securities houses. But that would mean loosening the rigid interest rate structure in Japan—and taking *from the Finance Ministry* its most potent control over the financial community and economy.

The Japanese bond market *appears to have bottomed out* for the time being, with yields at their highest levels in more than two years. The Government of Thailand, after considerable wrangling and delay during June, on Friday signed an *agreement* with Japanese underwriters to float Y10bn in ten-year bonds with an 8.8 per cent coupon, priced at 99.40 per cent of par. Earlier the underwriting *group had been insisting on a* yield of over 9 per cent.

The Japanese Government faces a heavy programme of national bond issues—but the Finance Ministry is reluctant to attract investors by raising interest rates.

Thailand will possibly make the only Samurai bond issue this month, with the Brazilian power company, Electrobras, and New Zealand apparently unwilling to *pay the high rates—not far* below Eurodollar rates—and to accept the exchange risk as well. Both have delayed issues and may seek funds in other *markets.*

Domestic bond dealers are concerned about what the monetary authorities will do in the next two or three weeks over the official discount rate and an anticipated upward *revision of national bond* coupons, currently 7.2 per cent priced at 99.50 per cent for ten-year bonds, for the August issue.

The bond market was *unimpressed by the rise to 4.25* per cent in the discount rate from the historical low of 3.5 per cent on April 17. The present debate over when and by *how much to raise the* discount rate again has been discounted in the market. The Government could take a moderate increase of say 0.75 *points and hope* to keep the economy bouyant until Lower House Diet (Parliament) elections expected this autumn, or it could decide on a bigger, say 1.25 per cent, rise and perhaps straighten out the *secondary market for bonds.*

If it chooses the smaller increase, or delays the decision too long, market participants believe that investors will *remain reluctant to buy* national bonds—expecting that the Government would simply have to raise interest rates again in its slow move to restrict credit and thus hold down inflationary pressures *brought on by higher oil prices.*

Pledge given on Iran debt

TEHERAN—The Governor of the Central Bank of Iran (CBI) Mohammed Ali Mowlavi, has said that the estimated $1bn in foreign debts of the nationalised banking system will be honoured.

Last May, Sheikh Mowlavi said that the Central Bank would not help foreign creditors to recover loans from one or two Iranian private banks which were in financial difficulties and that the Central Bank would not prevent default if Iranian banks received loans from foreign banks without CBI permission.

The CBI Governor said that the Government is studying the shareholding of foreign banks in the nationalised banking system, and promised that "legitimate rights of foreign investors" would be taken into account when compensation was paid.

Meanwhile, he said that he hoped the Government would cut the link between the rial and the dollar next month.

Reuter

Computer side boosts Hitachi result

BY RICHARD C. HANSON IN TOKYO

HITACHI, the Japanese electrical concern, raised its consolidated net income for the year to March 31 by 25 per cent to a record Y97bn ($447m) on a sales gain of 9 per cent to Y2.575bn ($11.9bn), also a new high. The *main contributors to* the healthy rises were computers and integrated circuits (ICs).

Income per American Depositary Share (each ADS representing 40 common shares) rose *to* Y1,489 *from* Y1,203. The consolidated results are better than the figures for the parent company alone, as a number of subsidiaries put in strong performances. As reported in May, the parent company sales advanced 9 per cent to Y1,509bn with net income 19 per cent higher at Y37.54bn.

Business in the second half of the year was particularly good with sales gaining 27 per *cent from* a year earlier to Y1,306bn and net income 49 per cent to Y50.8bn.

Communications and electronic equipment (including computers and ICs) gained 19 per cent *to* Y479bn. New *orders* for large-scale computers were up to 292 units last year, compared with a rise of 208 units in the previous year. About 7 *per cent went* to exports, a ratio which Hitachi hopes to increase to 20 per cent over the next five years.

Smaller computer orders *jumped to 1,260* units from 250 units for the previous year but these are not currently being exported.

Hitachi is moving aggressively to expand further its capacity in the computer and related fields. It plans to spend Y23bn this year, mostly in raising IC capacity, after investing Y18bn in 1977-78. Overall capital spending on a consolidated basis was *£88.9bn last year.*

There is some hint that the company will seek to expand its overseas production capacity of ICs. At present, about 24 per cent of production is exported (30 per cent going to the U.S. and 40 per cent to Asia). Europe would seem to be a likely area to introduce *local production,* as Hitachi's market share there is *still small.* The company is producing ICs in Dallas, Texas on a small scale and is in the process of increasing that capacity.

Last year Hitachi opened nine manufacturing ventures overseas, including its tie-up with GEC in the UK, a television plant in the U.S. (after being blocked *from* a joint venture with General Electric by the U.S. Justice Department), a semi-conductor plant in Hong Kong and a colour television tube plant in *Singapore.*

Electric utility apparatus and electrical equipment sales were down 5 per cent—to an 18 per cent share of the total, against 21 per cent last year. The company won an order for a nuclear *power* plant from Tokyo Electric, and power company spending was generally up sharply, but this will not be reflected in sales and shipments figures for another two or three years.

Consumer product sales were up 7 per cent and industrial *machinery* sales rose 18 per cent. Hitachi is increasing the production capacity of video tape recorders to 25,000 units per month, from the going 12,000.

Exports gained only 5 per cent, *and fell as a percentage of* overall sales to 19 per cent from 20 per cent, reflecting the rapid rise in the value of the yen last year. The company had *an exchange loss of* Y15bn last year, compared with Y13bn the year before.

Among subsidiaries, Hitachi Maxell, which produces recording tapes, had a net income rise of 23 per cent, Hitachi Cable gained *40 per cent and Hitachi* Metals 16 per cent, Hitachi Sales Corporation 36 per cent, and Hitachi Credit 73 per cent.

Officials at the company declined to forecast earnings for the whole year, but said group net income for the first half was expected to rise to *about* Y55bn *from* Y50.8bn *for* last year's second half on sales of some Y1,370bn compared with Y1,310bn.

Home market lifts Koor

BY L. DANIEL IN TEL AVIV

KOOR, the industrial holding company of the Israel Labour Federation—increased its pre-tax profit in 1978 to I£1.42bn (some $57m), from I£578m in 1977. This represents a gain in nominal terms of 146 per *cent in nominal terms—or of* 63 per cent adjusted for inflation. Moreover, the 1978 pre-tax profit came to 8.1 per cent of sales, which totalled I£17.455bn (around $700m), as compared with only 5.4 per *cent on the 1977 turnover of* I£10.74bn.

The consolidated balance-sheet at December 31, covering all companies in which Koor holds at least 50 per cent, stood at I£21.6bn, against I£13bn a *year earlier, representing a gain* of 11 per cent in real terms—about the same rate of growth in real terms as in previous years.

However, while home market sales boomed, exports accounted for only about one-third of output. Whereas exports in previous years rose by 20-25 per cent per annum, the 1978 increase was only 8.5 per cent.

Koor like other companies, *found that the relatively slow* devaluation of the Israel pound as compared with the soaring rate of inflation, cut into export business. The forecast for the growth in exports in 1979—with the loss of Iran—is 7 per *cent to $300m of which only a* third is to come from Tadiran, Israel's largest electronics producers, jointly owned by Koor and JTE.

On the bright side, Koor's share in net profits of joint *enterprises in which it has* minority partners, grew to I£735m, from I£[illegible] a year earlier. This was the result of lower financing expenses, one-off profits on projects abroad, *stream-lining of enterprises by* mergers or the selling off of unprofitable lines.

Koor invested over I£650m in 1978 in new enterprises in development areas (where Government loans and grants are *an attraction),* and intends to increase the figure to I£900m this year. This is apart from research and development expenditure of I£380m last year and I£530m allowed for this year.

● Solel Boneh, the construction division of the Israel Labour Federation, reported gross profit for 1978 of I£1.79bn ($71.5m), or 16.5 per cent of income, against I£837m and 14.1 per cent for 1977. Operating *profit* was I£1.23bn against I£549m and net profit I£644m. Half of the concern's activities were abroad and they were much more profitable than those within Israel, the company said.

Moratorium on Bahrain bank licences

BAHRAIN — Bahrain has decided to stop issuing banking licences until the end of this year when the situation *will be reviewed.*

Sheikh Ibrahim bin Khalifa, Secretary-General of the Bahrain Monetary Agency al-Khalifa said the moratorium was imposed because the present number of banks, including offshore units, was sufficient for the regional market.

There are about 70 banks in Bahrain and this includes over 50 offshore units, assets of which in 1978 were estimated at about $23.4bn.

Reuter

Hutchison in talks with China Provident

HONG KONG — Hutchison Whampoa and China Provident are holding talks which may lead to Hutchison Whampoa *making an offer* for all the shares of China Provident it does not already own.

Hutchison Whampoa currently owns 52.6 per cent of China Provident's 31.05m nominal 50 cent shares.

Reuter

Earnings improvement at SIA

BY GEORGIE LEE IN SINGAPORE

SINGAPORE Airlines (SIA) posted a 40 per cent improvement in net profit to S$21m (U.S.$9.7m) for the year ended *March 1979.*

According to the airline's preliminary statement, total operating profit from both scheduled and non-scheduled services rose *30 per cent to S$1.47bn while* total operating expenditure expanded at a slightly slower rate of 28 per cent to S$1.29bn.

As a result, SIA operating surplus rose by 47.5 per cent to S$177m.

SIA disclosed that the wide difference between the operating surplus and post-tax profit is accounted largely by accelerated depreciation on its aircraft and airline house-building plus a net financing charge of *S$33m and tax provision of* S$40m.

The airline's revenue growth outpaced capacity growth on all routes.

Revenue on the Australasian and South-East Asian routes *rose by 17.9 per cent and 10.6* per cent respectively compared with the corresponding capacity growth rates of 9.2 and 8.5 per cent.

In both cases, the higher revenue growth is due to the *higher growth in traffic carried* of 24.3 per cent and 14.4 per cent, as yields on these routes *fell by 5.3 per cent and 3.3 per* cent respectively.

In Europe, traffic grew by 35.8 per cent and capacity by 34.8 per cent. With a marginal improvement in yield of 0.3 per cent, the revenue generated in*creased by 36.5 per cent.*

Traffic in SIA's freighter services jumped by 263.8 per cent compared with a capacity increase of 214.3 per cent.

The airline's overall yield declined by 2.9 per cent from 105.1 Singapore cents per kilometre tonne to 102 Singapore cents due to the reduction in yields on the Australasian and South East Asian routes and the extremely low yields on its freighter services to the United States.

However, with operating expenditure increasing at a slower rate *than the increase in* capacity, SIA's unit cost fell by 1 per cent from 62.2 Singapore cents per kilometre tonne to 61.6 Singapore cents per kilometre tonne.

As a result the breakeven *load factor rose from 59.2 per* cent to 60.4 per cent.

Overall load factor improved from 68.1 per cent to 70 per cent despite the slight decline in the passenger load factor from 73.7 per cent to 73.4 per cent.

SIA's capital expenditure during the year increased by S$274m to S$702m. The purchase of new aircraft and related spares and equipment accounted for 93 per cent of this *outlay.*

Setron acceptances over 60%

SINGAPORE — Haw Par *Brothers International* said that acceptances received so far in response to its takeover offer for Setron, the electronics and electrical goods concern, give it a 60 per cent stake. The unconditional offer, which values *at about S$43m (U.S.$20m)* closes on July 10.

Haw Par said in its offer document that it would purchase compulsorily the outstanding minority if it received acceptances totalling not less than 90 per cent of the shares covered by the offer.

Reuter

Goodricks plans share offer

By R. C. Murthy in Bombay

GOODRICKS GROUP formed by the amalgamation of eight sterling tea companies, will offer to the Indian public equity *capital of Rs 6.6m* and dilute its foreign stake under the Foreign Exchange Regulation Act.

Goodricke's tea gardens—there are two in Darrang District (Assam), 12 in Jalpaiguri (West Bengal) and three in Darjeeling (West Bengal)—are *known for their high unit yield* and above average quality. But the challenge to Indian tea, according to Mr. B. K. Dube, director of Goodricke Group, is to introduce its own branded and packaged tea in world *markets.* This would have to reckon, however, with high pressure sales efforts by international companies.

Demand for quality teas produced by the company is said to be good both in domestic and *international markets.* Its strategy would be to maximise returns by seizing opportunities available. Since the government has abolished the export duty Rs5 per kilogramme, tea exports are regarded as a good *proposition this year.*

CURRENCIES, MONEY and GOLD

Dollar firmer on oil news

The U.S. dollar improved in late afternoon trading yesterday in response to Saudi Arabia's announcement of its intention to increase substantially its oil production. Earlier in the day the U.S. unit had shown a steadier look, underpinned by recent heavy central bank intervention including the U.S. Federal reserve. Intervention yesterday however did not reach significant proportions. Against the D-mark the dollar rose to DM 1.8415 from DM 1.8350 and to SwFr 1.6635 against SwFr 1.6580 in terms of the Swiss franc. Against the yen it showed hardly any movement at Y217.40 compared with Y217.30. The Canadian dollar continued to show an improvement and rose to 86.44¼ US cents from 86.25½ on Friday.

On Bank of England figures, the U.S. dollar's trade weighted index rose from 84.6 to 84.8.

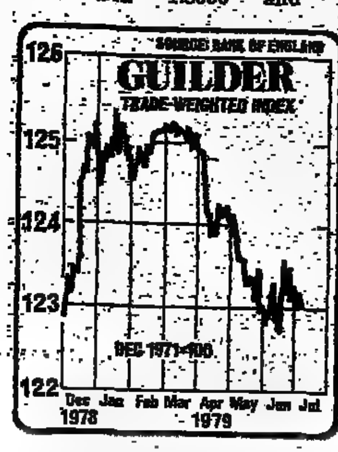
Sterling opened at $2.2225 against the dollar but quickly fell to $2.2125, with further demand for the U.S. unit knocking down the rate to $2.1980. Bank of England intervention was not readily identifiable, although any action would have been restricted to smoothing operations. For the rest of the day sterling traded around the $2.2050 level, until news from Saudi Arabia saw the rate fall to a close of $2.2015-2.2025, a loss of 1.85c from Friday. The pound was also weaker against European currencies and its overall trend was reflected in its trade weighted index, which fell to 70.4 from 70.8, having stood at 70.5 at noon and 70.7 in the morning.

Elsewhere the Saudi Arabian rial was adjusted upwards against the dollar. The new selling rate for the U.S. unit is now 3.36 for one rial, compared with 3.38 previously.

FRANKFURT — There was no intervention by the Bundesbank at yesterday's fixing, when the dollar was fixed at DM 1.8411, higher than Friday's level of DM 1.8316.

MILAN—The dollar improved against the lira while sterling fell in terms of the Italian unit. EMS currencies showed very little overall change. The dollar was fixed at L827.70, up from Friday's level of L823.70, and sterling fell from L1,832.30 to L1,825.10.

TOKYO — The dollar eased from its opening level of Y218.0 against the yen, but finished unchanged from Friday at Y217.00.



THE POUND SPOT AND FORWARD

July 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1980-2.2240	2.2015-2.2025	0.83-0.73c pm	4.25	1.77-1.67 pm	3.12
Canada	2.5460-2.5775	2.5460-2.5470	0.92-0.82c pm	4.09	1.95-1.85 pm	2.98
Nethlnd.	4.45-4.50	4.47-4.48	2¾-1¾c pm	5.69	5¾-4¾ pm	4.24
Belgium	64.90-65.45	65.00-65.10	20-10c pm	2.77	40-30 pm	2.15
Denmark	11.62-11.70	11.66-11.67	½ore pm-1½ dis	−0.51	2-4 dis	−1.02
Ireland	1.0740-1.0790	1.0745-1.0755	27-37p dis	−3.57	82-92 dis	−3.24
W. Ger.	4.04-4.09	4.05¼-4.06¼	3⅝-2⅝pf pm	9.24	7¾-6¾ pm	7.15
Portugal	107.50-108.60	107.85-107.95	30-90c dis	−6.68	110-210 dis	−5.94
Spain	145.45-146.50	145.50-145.60	46-96c dis	−5.78	125-222 dis	−4.77
Italy	1,818-1,832	1,825-1,826	par-2 lire dis	−0.66	4¼-6¼ dis	−1.15
Norway	11.19-11.24	11.20½-11.21½	5½-3½ore pm	4.87	12½-10½ pm	4.10
France	9.41-9.48	9.42½-9.43½	2¾-1¾c pm	2.26	4½-3½ pm	1.70
Sweden	9.37-9.44	9.42¾-9.43¾	3½-1½ore pm	3.18	7-5 pm	2.54
Japan	477-485	479-480	4.35-4.05y pm	10.51	9.75-9.45 pm	8.00
Austria	29.75-29.95	29.78-29.83	25-15gro pm	8.06	52-42 pm	6.31
Switz.	3.65-3.70	3.66½-3.67½	5-4c pm	14.71	12¾-11¾ pm	12.67

Belgian rate is for convertible francs. Financial franc 68.05-68.15c pm. Six-month forward dollar 2.75-2.65c pm; 12-month 4.50-4.40c pm.

THE DOLLAR SPOT AND FORWARD

July 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1980-2.2240	2.2015-2.2025	0.83-0.73c pm	4.25	1.77-1.67 pm	3.12
Ireland†	2.0410-2.500	2.0450-2.0500	1.50-1.20c pm	7.91	3.40-3.10 pm	6.35
Canada†	86.27-86.34	86.31-86.34	0.04-0.02c pm	0.42	0.07½-0.04½pm	0.28
Nethlnd.	2.0270-2.0300	2.0280-2.0300	0.38-0.28c pm	1.93	0.67-0.57 pm	1.22
Belgium	29.48-29.53½	29.50-29.52	1.5-3.5c dis	−1.02	5.5-8.5 dis	−0.95
Denmark	5.2815-5.2910	5.2885-5.2900	1.75-2.25ore dis	−4.54	5.15-5.65dis	−4.08
W. Ger.	1.8387-1.8423	1.8412-1.8422	0.83-0.73pf pm	5.09	1.94-1.84 pm	4.11
Portugal	48.85-49.05	48.85-48.95	35-45c dis	−9.82	90-130 dis	−9.00
Spain	66.05-66.12	66.07-66.09	48-58c dis	−9.63	115-135 dis	−7.57
Italy	826.60-828.10	827.70-828.10	3-4 lire dis	−5.07	9-10 dis	−4.59
Norway	5.0790-5.0875	5.0845-5.0855	0.70-0.20ore pm	1.06	1.70-1.20 pm	1.14
France	4.2775-4.2830	4.2780-4.2785	0.40-0.50c dis	−1.26	1.45-1.65dis	−1.45
Sweden	4.2580-4.2630	4.2615-4.2625	par-0.20ore dis	−0.28	0.15-0.35dis	−0.23
Japan	217.20-217.60	217.20-217.40	1.20-1.10y pm	6.35	2.80-2.65 pm	5.02
Austria	13.51¼-13.53¾	13.51½-13.52½	4.50-4.00gro pm	3.77	11.50-10.00pm	3.18
Switz.	1.6590-1.6650	1.6635-1.6645	1.46-1.41c pm	10.35	3.96-3.91 pm	9.46

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 9	Bank of England Index	Morgan Guaranty changes %
Sterling	70.4	−34.7
U.S. dollar	84.8	−3.8
Canadian dollar	81.5	−16.2
Austrian schilling	147.3	+19.1
Belgian franc	113.9	+13.5
Danish kroner	114.1	+3.1
Deutsche Mark	151.7	+42.4
Swiss franc	197.0	+81.5
Guilder	123.0	+18.1
French franc	99.0	−7.1
Lira	54.9	−48.9
Yen	131.8	+30.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

July 9	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.587244	0.622755
U.S. $	9½	1.29546	1.37112
Canadian $	11¼	1.49846	1.59023
Austria Sch.	3¾	17.5049	18.5375
Belgian F	9	38.2096	40.4618
Danish K	9	6.84197	7.24294
D mark	5	2.38507	2.52437
Guilder	7½	2.62784	2.78132
French Fr.	9½	5.54716	5.87182
Lira	10½	1072.32	1135.29
Yen	4¼	280.985	298.246
Nrwgn. K.	7	6.58612	6.97695
Spanish Pes.	8	85.5263	90.5831
Swedish Kr.	7	5.51866	5.84070
Swiss Fr.	1	2.15241	2.27990

OTHER MARKETS

July 9	£	$		£ Note Rates
Argentina Peso	2910-2930	1320-1330	Austria	29.0-30.0
Australia Dollar	1.9570-1.9610	0.8885-0.8905	Belgium	67.3-68.3
Brazil Cruzeiro	57.19-57.39	25.95-26.05	Denmark	11.55-11.70
Finland Markka	8.52-8.54	3.8730-3.8760	France	9.35-9.50
Greek Drachma	n.a	n.a	Germany	4.00-4.10
Hong Kong Dollar	11.27½-11.29½	5.1240-5.1260	Italy	1,790-1,820
Iran Rial	159.91-165.57	72-75	Japan	480-490
Kuwait Dinar (KD)	0.604-0.614	0.2761-0.2762	Netherlands	4.40-4.50
Luxembourg Frc.	65.00-65.10	29.49-29.51	Norway	11.15-11.30
Malaysia Dollar	4.7585-4.7685	2.1630-2.1640	Portugal	102-106
New Zealand Dlr.	2.1710-2.1780	0.9860-0.9890	Spain	143-146
Saudi Arab. Riyal	7.37-7.47	3.3618-3.3625	Switzerland	3.60-3.70
Singapore Dollar	4.7575-4.7675	2.1610-2.1620	United States	2.19⅛-2.20⅛
Sth. African Rand	1.85-1.87	0.8445-0.8490	Yugoslavia	41-44

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 9	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.4618	+2.54	+1.47	±1.53
Danish Krone	7.08592	7.24294	+2.22	+1.15	±1.635
German D-Mark	2.51064	2.52437	+0.55	−0.52	±1.1325
French Franc	5.79831	5.87182	+1.27	+0.20	±1.35
Dutch Guilder	2.72077	2.78132	+2.23	+1.15	±1.5075
Irish Punt	0.662638	0.670474	+1.18	+0.11	±1.665
Italian Lira	1148.15	1135.29	−1.12	−1.12	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 9	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.203	4.058	479.5	9.430	3.670	4.475	1826.	2.547	65.05
U.S. Dollar	0.454	1.	1.843	217.8	4.282	1.667	2.032	829.0	1.156	29.54
Deutschemark	0.246	0.543	1.	118.2	2.324	0.904	1.103	449.9	0.628	16.03
Japanese Yen 1,000	2.086	4.592	8.463	1000.	19.67	7.654	9.333	3807.	5.311	135.7
French Franc 10	1.060	2.336	4.303	508.5	10.	3.892	4.745	1936.	2.700	68.98
Swiss Franc	0.272	0.600	1.106	130.7	2.569	1.	1.219	497.4	0.694	17.72
Dutch Guilder	0.223	0.492	0.907	107.2	2.107	0.820	1.	407.9	0.569	14.54
Italian Lira 1,000	0.548	1.206	2.223	262.7	5.166	2.010	2.451	1000.	1.395	35.63
Canadian Dollar	0.393	0.865	1.593	188.3	3.703	1.441	1.757	716.9	1.	25.54
Belgian Franc 100	1.537	3.385	6.239	737.1	14.50	5.642	6.879	2806.	3.915	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.45-10.55 per cent; three months 10.45-10.55 per cent; six months 10.45-10.55 per cent; one year 10.05-10.15 per cent.

July 9	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	14¼-14½	10⅜-10⅝	9½-10⅛	8½-8¾	1-1⅛	5¼-5⅜	10¾-11¼	16-19	—	1-4⅞
7 days' notice	14¼-14½	10½-10¾	9½-10⅛	8½-8¾	1⅛-1¼	5¼-5⅜	10¾-11¼	16-19	10⅜-10⅝	[illegible]
Month	14⅝-14¾	10⅜-10½	10⅜-11	9-9¼	[illegible]	[illegible]	11⅜-12	15½-16½	10⅜-10½	4¼-4⅝
three months	13⅝-14	10⅝-10⅞	10⅝-11	9⅛-9⅜	1½-1¾	[illegible]	11⅝-12⅛	14⅝-15¾	10⅝-10¾	5¼-5½
six months	12¾-12⅞	10¾-11	10⅝-11⅛	10-10¼	1½-2	7⅛-7⅜	12-12⅞	15-16	10⅝-10⅞	5¼-5⅜
one year	12⅝-13	10⅜-10⅝	10⅛-10⅜	9⅞-10⅛	2⅛-2⅜	7⅛-7⅜	12-12½	14-15	10⅛-10⅜	6¼-6⅝

Long-term Eurodollar: two years 10-10¼ per cent; three years 9¾-10⅛ per cent; four years 9⅞-10 per cent; five years 9⅞-10 per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on July 9, 1979. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rate: (S) member of the sterling area other than Scheduled Territories; (T) tourist rate: (Bas) basic rate: (bg) buying rate: (Bk) bankers' rate: (cm) commercial rate: (cn) convertible rate: (fn) financial rate: (exC) exchange certificate rate: (k) Scheduled Territory; (nc) non-commercial rate: (nom) nominal: (o) official rate: (sg) selling rate.

Place	Local unit	Value of £ Sterling
Afghanistan	Afghani	94.00
Albania	Lek	9.9867
Algeria	Dinar	8.5981
Andorra	French Franc	9.43
	Spanish Peseta	145.55
Angola	Kwanza	80.118
Antigua (S)	E. Caribbean $	5.9509
Argentina	Ar. Peso Free Rate	2,920
Australia (S)	Australian $	1.9590
Austria	Schilling	29.805
Azores	Portug. Escudo	107.80
Bahamas (S)	Ba. Dollar	2.2020
Bangladesh (S)	Taka	32.80 (sg)
Bahrain (S)	Dinar	0.847
Balearic Isles	Spa. Peseta	145.55
Barbados (S)	Babados $††	4.404
Belgium	B. Franc	(cm) 65.05
		(fn) 68.10
Belize	B $	4.404
Benin	C.F.A. Franc	471½
Bermuda (S)	Bda $	2.2020
Bhutan	Indian Rupee	17.67 (sg)
Bolivia	Bolivian Peso	1.8256
Botswana (S)	Pula	1.8256
Brazil	Cruzeiro ‡‡	57.29
Brit. Virgin Isles (S)	U.S. $	2.2020
Brunei (S)	Brunei $	4.7625
Bulgaria	Lev	1.7930
Burma	Kyat	14.815
Burundi	Burundi Franc	195.04
Cameroon Repub'c	C.F.A. Franc	471½
Canada	Canadian $	2.5465
Canary Islands	Spanish Peseta	145.55
Cape Verde Isle	Cape V. Escudo	80.40
Cayman Islands (S)	Cay. Is. $	1.835
Cent. Af. Empire	C.F.A. Franc	471½
Chad	C.F.A. Franc	471½
Chile	C. Peso	(Bk) 85.80
China	Renminbi Yuan	3.4376
Colombia	C. Peso	(F) 93.91
Comoro Islands	C.F.A. Franc	471½
Congo (Brazzaville)	C.F.A. Franc	471½
Costa Rica	Colon	18.957
Cuba	Cuban Peso	1.4875
Cyprus (S)	Cyprus £	0.7740
Czechoslovakia	Koruna	(com) 11.25
		n/c 22.50
		(T) 18.90
Denmark	Danish Krone	11.665
Djibouti	Fr.	360.0
Dominica (S)	E. Caribbean $	5.9509
Dominican Repub.	Dominican Peso	2.2020
Ecuador	Sucre	(O) 54.72
		(F) 61.65
Egypt	Egyptian £	(U) 1.560
Equatorial Guinea	Peseta	144.65
Ethiopia	Ethiopian Birr	(P) 4.5633
Falkland Islands (S)	Falkland Is. £	1.0
Faro Islands	Danish Krone	11.665
Fiji Islands	Fiji $	1.8135
Finland	Markka	8.53
France	French Franc	9.43
French C'tyin Af*	C.F.A. Franc	471½
French Guiana	Local Franc	9.43
French Pacific Is.	C.F.P. Franc	171.5
Gabon	C.F.A. Franc	471½
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.05¾
Germany (West)	Deutsche Mark	4.05¾
Ghana (S)	Cedi	6.00 (sg)
Gibraltar (K)	Gibraltar £	1.0
Gilbert Islands	Australian $	1.9590
Greece	Drachma	N.A.
Greenland	Danish Kroner	11.665
Grenada (S)	E. Caribbean $	5.9509
Guadaloupe	Local Franc	9.43
Guam	U.S. $	2.2020
Guatemala	Quetzal	2.2020
Guinea Republic	Sily	41.861
Guinea Bissau		74.614
Guyana (S)	Guyanese $	5.615
Haiti	Gourd	11.01
Honduras Repub.	Lempira	4.420
Hong Kong (S)	H.K. $	11.2825
Hungary	Forint	(com) 73.61
		(T)(nc) 42.06
Iceland (S)	I. Krona	762.00
India (S)	Ind. Rupee	17.67
Indonesia	Rupiah	1.376
Iran	Rial	153.24
Iraq	Iraq Dinar	0.6516
Irish Republic (k)	Irish £	1.0760
Israel	Israel £	56.275
Italy	Lira	1.825½
Ivory Coast	C.F.A. Franc	471½
Jamaica (S)	Jamaica Dollar	3.9272
Japan	Yen	479½
Jordan (S)	Jordan Dinar	0.665 (sg)
Kampuchea	Riel	2642.4
Kenya (S)	Kenya Shilling	16.395
Korea (Nth)	Won	1.94 (!)
Korea (Sth)	Won	1067.32
Kuwait (Sth)	Kuwait Dina	0.609
Laos	Kip Pot Po	880.8
Lebanon	Lebanese £	7.1565
Lesotho	S. African Rand	1.865
Liberia	Liberian $	2.2020
Libya	Libyan Dinar	0.6519
Liechtenstein	Swiss Franc	3.67
Luxembourg	Lux Franc	65.05
Macao	Pataca	11.593
Madeira	Portug'se Escudo	107.80
Malagasy Republic	MG Franc	471½
Malawi (S)	Kwacha	1.77
Malaysia (S)	Ringgit	4.7635
Maldive Islands (S)	Mal Rupee	8.654
Mali Republic	Mali Franc	943.00
Malta (S)	Maltese £	0.7850
Martin que	Local Franc	9.43
Mauritania	Ouguiya ‡	93.888
Mauritius (S)	M. Rupee	13.08
Mexico	Mexican Peso	50.25
Miquelon	C.F.A. Franc	471½
Monaco	French Franc	9.43
Mongolia	Tugrik	(O) 6.930 (!)
Monserrat	E. Caribbean $	5.9509
Morocco	Dirham	8.40 (sg)
Mozambique	Moz. Escudo	65.096
Nauru	Australian Dollar	1.9590
Nepal	Nepalese Rupee	26.42
Netherlands	Guilder	4.475
Netherland Antilles	Antillian Guilder	3.94158
New Hebrides	Franc.	152.40
	Aust. Dollar	1.9590
New Zealand (S)	N. Z. Dollar	2.1745
Nicaragua	Cordoba	22.00
Niger Republic	C. F. A. Franc	467⅛
Nigeria (S)	Naira	1.261054 (sg)
Norway	Norway Krone	11.21
Oman Sul'ate of (S)	Rial Omani	0.763
Pakistan	Pakistan Rupee	21.705
Panama	Balboa	2.2020
Papua N. Guinea (S)	Kina	1.5595
Paraguay	Guarani	274.56
Peoples D. Repub. of Yemen (S)	S. Yemen Dinar	(A) 0.75198
Peru	Sol	exc (A) 495.88
Philippines	Philippine Peso	16.07
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.1745
Poland	Zloty	(Cm) 65.38
		(T) 65.38
Portugal	Portugu'se Escudo	107.80
Port Timor	Timor Escudo	107.80
Principe Islands	Portugu'se Escudo	107.80
Puerto Rico	U.S. $	2.2020
Qatar (S)	Qatar Ryal	8.26
Reunion Ile de la	French Franc	9.43
Rhodesia	Rhodesian $	1.5271
Romania	Leu	(Cm) 9.39
		(n/c) T25.21
Rwanda	Rwanda Franc	197.36
St. Christopher (S)	E. Caribbean $	5.9509
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	5.9509
St. Pierre	C.F.A. Franc	471½
St. Vincent (S)	E. Caribbean $	5.9509
Salvador El	Colon	5.500
Samoa American	U.S. $	2.2020
San Marino	Italian Lire	1,825½
Sao Tome	Portugese Escudo	107.80
Saudi Arabia	Ryal	7.42
Senegal	C.F.A. Franc	471½
Seychelles	S. Rupee	13.55
Sierre Leone (S)	Leone	2.3123
Singapore (S)	Singapore $	4.7625
Solomon Islands (S)	Solomon Is. $	19.8738
Somali Republic	Somali Shilling	(A) 13.861
South Africa (S)	Rand	1.865
South West African Territories (S)	S. A. Rand	1.865
Spain	Peseta	145.55
Spanish ports in North Africa	Peseta	145.55
Sri Lanka (S)	S. L. Rupee	33.95
Sudan Republic	Sudan £	(A) 0.7669
Surinam	S. Guilder	3.94158
Swaziland (S)	Lilangeni	1.865
Sweden	S. Krona	9.4328
Switzerland	Swiss Franc	3.67
Syria	Syria £	(A) 8.6438
Taiwan	New Taiwan	(P) 79.272
Tanzania (S)	Tan. Shilling	18.10
Thailand	Baht	44.58
Togo Republic	C.F.A. Franc	471½
Tonga Islands (S)	Pa'anga	1.95735
Trinidad (S)	Trinidad & Tob' $	5.2848
Tunisia	Tunisian Dinar	0.869 (sg)
Turkey	Turkish Lira	97.1203
Turks & Caicos	U.S. $	2.2020
Tuvalu	Australian $	1.9590
Uganda (S)	Uganda Shilling	15.5
United States	U.S. Dollar	2.2020
Uruguay	Uruguay Peso	(cm) 17.38
		(fn) 17.36
Utd. Arab Emirates	U.A.E. Dirham	8.40
U.S.S.R.	Rouble	1.4325
Upper Volta	C.F.A. Franc	471½
Vatican	Italian Lire	1825½
Venezuela	Bolivar	9.44
Vietnam	Dong	(O) 4.800
		(T) 4.070 (!)
Virgin Islands U.S.	U.S. Dollar	2.2020
Western Samoa (S)	Samoan Tala	2.0024
Yemen	Ryal	10.03 (sg)
Yugoslavia	New Y Dinar	42.3292
Zaire Republic	Zaire	3.43393
Zambia	Kwacha	1.70

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. †Rupees per pound. ‡General rates of oil and iron exports 92.484. Based on gross rates against Russian rouble. **Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados £ to the dollar. ‡‡Now one official rate. (U) Unified Rate. Applicable on all transactions exept countries having a bilateral agreement with Egypt, and are not members of IMF.

INTERNATIONAL MONEY MARKET

Firmer trend continues

Interest rates continued to rise yesterday in Europe, maintaining the recent trend towards using higher rates to combat currency unrest in the foreign exchange market.

Major banks in France pushed up their base rates to 9.45 per cent from 9.15 per cent with the lead being taken by Credit Industriel et Commercial. Normally leading banks increase their rates simultaneously after one bank has announced a rise. Yesterday's move reflected the rise in money market rates. Call money was quoted at 9 per cent its highest level since March 1978, compared with 8⅞ per cent on Friday, with one-month money rising to 9⅛-9⅜ per cent from 9⅛-9⅜ per cent. Three-month money remained steady at 9⅝-9⅞ per cent while the six and 12-month rates rose to 10⅛-10¼ per cent and 10⅛-10⅜ per cent respectively.

BRUSSELS—Rates on one and two-month Treasury certificates were increased yesterday to 11¼ per cent, the same rate as the three-month, and compared with previous levels of 10¾ per cent for one-month and 11 per cent for two-month. The authorities are hoping that this may help stabilise the Belgian franc, although it seems that further increases cannot be ruled out should the franc remain weak within the EMS.

Deposit rates for the Belgian franc (commercial) were quoted at 11½-11⅞ per cent for one-month from 11⅛-11⅜ per cent and 11⅝-11⅞ per cent against 11⅜-11⅝ per cent for three-month. Six-month deposits were unchanged at 10¾-11 per cent with the 12-month rate moving slightly from 10½-10¾ per cent to 10⅝-10⅞ per cent.

FRANKFURT—Interbank rates showed no great movement from Friday. Call money was firmer at 5.60-5.70 per cent from 5.50-5.60 per cent as was the one-month rate at 6.15-6.30 per cent against 6.05-6.20 per cent. Three-month money was quoted at 6.80-6.95 per cent compared with 6.80-6.90 per cent and six-month at 7.15-7.30 per cent from 7.20-7.30 per cent. The 12-month rate stood at 7.35-7.50 per cent.

AMSTERDAM — Interbank money rates were little changed after Friday's rise in the discount rate to 7½ per cent. Call money was quoted at 8¾-9 per cent, one-month at 9⅛-9⅜ per cent, three-month at 9¾-10 per cent and six-month at 10-10¼ per cent.

SINGAPORE—The Development Bank of Singapore has increased its prime lending rate to 8½ per cent from 8 per cent. Fixed deposit charges have also risen by ½ per cent, while interest on savings deposits has been increased from 6¼ per cent to 6¾ per cent.

GOLD

Late fall

Gold lost ground in yesterday's bullion market, particularly later in the day on news from Saudi Arabia of its intentions to increase its oil production. The metal closed at $287¾-288½, a fall of $1¾ an ounce, after opening at $290¾-291½. Later quotations from New York saw the metal fall even further to $286¾-287¼.

In Paris the 12½ kilo bar was fixed at Fr 42,000 per kilo ($305.07 per ounce) compared with Fr 42,300 ($307.12) in the morning and Fr 41,630 ($303.84) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 17,160 per kilo ($290.13 per ounce) against DM 17,125 ($291.02) previously.

	July 9	July 6
Gold Bullion (fine ounce)		
Close	$287¾-288½ (£130.5-130.9)	$289½-290¼ (£129.7-130.2)
Opening	$290¾-291½ (£131.1-131.5)	$290½-291¼ (£130.2-130.7)
Morning fixing	$290.25 (£131.633)	$290.20 (£130.456)
Afternoon fixing	$287.85 (£130.722)	$290.25 (£130.537)
Gold Coins, domestically		
Krugerrand	$296½-298½ (£134¼-135¼)	$299-301 (£134¼-135¼)
New Sovereigns	$74½-76½ (£33¾-34¾)	$75-77 (£33¾-34¾)
Old Sovereigns	$93¼-95¼ (£42¼-43¼)	$92¾-94¾ (£41¾-42¾)
Gold Coins, internationally		
Krugerrand	$296½-298½ (£134¼-135¼)	$299-301 (£134¼-135¼)
New Sovereigns	$74½-76½ (£33¾-34¾)	$75-77 (£33¾-34¾)
Old Sovereigns	$93¼-95¼ (£42¼-43¼)	$92¾-94¾ (£41¾-42¾)
$20 Eagles	$419-424	$424-429
$10 Eagles	$228-233	$229-234
$5 Eagles	$152-157	$153-158

UK MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Day to day credit remained in short supply in the London money market yesterday and the authorities gave assistance on a large scale. This comprised small purchases of Treasury bills and corporation bills as well as a large amount lent to five or six houses at MLR for repayment today. Discount houses were paying 13¾ per cent for secured call loans at the start with balances during the rest of the day taken between 13¾ per cent and 14 per cent.

The market was faced with the repayment of Friday's large official loans and a small net take up of Treasury bills to finance. Banks brought forward balances a small way below target and there was a small rise in the note circulation. On the other hand Government disbursements exceeded revenue transfers by a large amount, the principal disbursements being the rate support grant.

In the interbank market overnight loans opened at 14⅛-14½ per cent and eased to 14-14¼ per cent before coming back to touch 14¾-15 per cent early in the afternoon. By the close rates had drifted slightly easier to 13¾-14 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

July 9 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	13½-15	—	—	—	14⅝-14½	13¾-14	—	—	—
2 days notice	—	—	14¼-14⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14¼-14⅜	14¼-14⅜	—	14⅝	14⅝	14	—	—	—
One month	14⅜-14⅛	14⅜-14⅞	14⅛-14¼	15-14⅝	14⅝	14½	14	13⅞-13¾	14⅛-14⅛	14½
Two months	14-13⅞	13⅝-14⅛	—	13⅞-13⅝	14½	14⅛-14⅞	13⅝	13⅞	13⅞-13⅜	14¼
Three months	13⅝-13⅝	13½-13⅞	13¾-13⅞	12½-12¼	14⅜	—	13⅝	13¼-13⅞	13⅜-13⅛	14⅛
Six months	13-12⅞	13-13⅛	13-13⅛	12⅛-12¼	15⅛	—	—	—	12⅞	14⅛
Nine months	12½-12⅜	12½-12⅝	—	12⅝-12¼	15	—	—	—	—	—
One year	12¼-12	12⅛-12⅞	12⅞-12⅜	12⅝-12	12¾	—	—	—	—	—
Two years	—	—	12¼-12⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days notice others seven days fixed. * Long-term local authority mortgage rates nominally three years 12¾-12⅞ per cent; four years 12⅝-12½ per cent; five years 12½-12⅝ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rate for four-months bank bills 13⅛-13⅜ per cent; four-months trade bills 14⅛ per cent.

Approximate selling rate for one-month Treasury bills 13⅝-13⅞ per cent; two-months 13⅞-13⅞ per cent; three months 13⅞-13⅞ per cent. Approximate selling rates for one-month bank bills 13⅞-14 per cent; two-month 13¾-13⅞ per cent; and three-month 13½-13⅞ per cent; one-month trade bills 14⅛ per cent; two-month 14⅛ per cent; and three-month 14 per cent.

Finance House Base Rate (published by the Finance Houses Association) 13 per cent from July 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.2433 per cent.

MONEY RATES

NEW YORK

Prime Rate	11.5
Fed Funds	10.4375
Treasury Bills (13-week)	9.20
Treasury Bills (26-week)	9.08

GERMANY

Discount Rate	4
Overnight Rate	5.65
One month	6.225
Three months	6.875
Six months	7.225

FRANCE

Discount Rate	9.5
Overnight Rate	9.0
One month	9.3125
Three months	9.6875
Six months	10.4375

JAPAN

Discount Rate	4.25
Call (Unconditional)	5.5625
Bills Discount (three-month)	6.25

THE JOBS COLUMN

A risk-taker, and a manager for recruitment

BY MICHAEL DIXON

BORN of a long line of bankers, Alexandre Hakim did not wish to be the *red sheep of the* family, and he too went into banking. After some 15 years of financial work in, among other places, the U.S. and Switzerland, he found himself *in London and unable to strike* a balance with his new chief. So he set up as a financial consultant.

But he found that what his first clients wanted was not advice, but people. And the more new employees he found, the more he was asked to find. Nor were they always for banking work.

"One day early on, a chap suddenly asked me to recruit him *12* engineers," Mr. Hakim told me the other day. "I couldn't honestly say I knew *anything about engineers, but* I had a think about it, drew up an advertisement, and put it in *some papers.* The *result was* about 600 replies, and I soon had a dozen good people. I was hooked!"

The financial consultancy was thereupon metamorphosed into the A and A recruitment company. That was in April 1977. In its first full year it turned over £46,000, which will probably be doubled in the current year. Meanwhile Alexandre Hakim has of necessity learned a lot about different kinds of managers and specialists, including engineers of whom about 2,000 are on his register of potential job-candidates.

He has two other consultants and a secretary in London, plus a part-time consultant and another secretary in Dalkeith, Scotland. And he is eager to *find another entrepreneur* to join him with a view to becoming, in the shortest time *possible*, the managing director *of A and A with an option* on up to 40 per cent of the equity.

"Note that I'm not looking for anyone to put money into the business," said 39-year-old Mr. Hakim. "That's not what I'm short of.

"The need is for someone to share with me in building the business. Our present consultants are good, but they are happy as they are: carrying out *their assignments* and getting a percentage on their results. So I want someone who's primarily a business man or woman, though there'll be recruiting to do as well, to help me to get on with the expansion."

A and A expects to continue recruiting by advertisement and maintaining a copious register of would-be candidates, but the main potential for growth is thought to be in the direct-approach methods of "executive search" at the upper-middle to high end of the *employment market.*

"As things are, although I naturally have a strong connection with banking all over the world, *I'm doing very little with* it because I have to spend 75 per cent of my time in *managing the company.* Given the right partner, I could spend more time being really productive even though I'd still be willing to bear the brunt of the administration."

Candidates need to have been successfully responsible for profits in some area of business, preferably other than banking. Obviously, the more senior-level contracts they have, the better. No previous experience of recruitment consultancy *is* necessary, but their past and present work must have entailed *interviewing people for jobs and* promotion, as well as negotiating with customers large and *small.* The age indicator is 25-45.

Given cultural transferability *to the United Kingdom*, the new partner could come from anywhere. And since the aim is to expand internationally, overseas connections would be valuable. So would proficiency in German or Spanish or both, to complement Alexandre Hakim's fluent French, Italian and Arabic, and rudimentary Thai and Japanese.

"Above all," he added, "the person I want will not be looking to be employed. What we *must have is somebody determined to become an employer,* in partnership with me. I'll happily provide full financial *support for the first six months,* but after that, whoever comes will need to pay their own way. I'd expect the recruitment assignments alone to earn them £9,000 to £10,000 in their first year."

Telephoned inquiries to Mr. Hakim at 01-734 9035. Written applications outlining appropriate experience to him at A and A Consultants, Princes House, Suite 407, 39 Jermyn Street, London SW1Y 6DT; telex 25116.

People-export

READERS who would be interested in the above opportunity save for the fact that they *do* want to be "employed," might well consider an offer being made by my former colleague John Trafford, now with head-hunters Heidrick and Struggles. The London-based job is with Overseas Recruitment Services, which has a £12m turnover and is part of the Adia group of Switzerland.

The activity is recruitment of skilled people of various sorts, mainly from Britain, either for *employment directly* by an overseas concern, or in a working group engaged by ORS and con*tracted to a project abroad.*

The largest part is still the export of construction-type and other industrial skills together with medical people to the Middle East. But there is also a world-wide demand for experts in hotels and catering, and the call for commercial and financial people is growing fast, particularly from Europe.

Whoever becomes ORS's manager of selection and mobilisation will be responsible to managing director *Tony* Reeves for seeing that candidates of the required kinds are attracted, *briefed on the realities* of the jobs concerned, and sifted for appropriate recruits, *duly delivered* where wanted.

Once again, however, the recruit need not have been a *face-to-face* recruiter—there will be about 20 such specialists among the supporting staff. The need is for a professional manager, demonstrably calm under pressure, with great commercial awareness probably gained in overseas marketing. The age range is 35-50.

The first six months is likely to be occupied in understanding the existing business and developing management procedures which will be an effective basis for further expansion. Then the *emphasis* will switch to *planning* and achieving growth.

It follows that candidates *must have a strong interest* and clear competence in managing for profits. That, however, is not the be all and end all.

The people-exporting business is not only complicated—ORS is currently looking for about 300 recruits for some 50 different types of work—but also sensitive.

"For one thing, there'll need to be ability to mediate between the client-employers on the one hand, and the job-candidates on the other," said Mr. Reeves. "And for another, it's very easy for people to get the wrong *impression of what* we do: to be misinterpreted as just a middle-man earning a big fat fee. So while *profit-making* has to be the basis of our expansion plans, they can't be dominated by it. We've got to get the service right, and see that it's clear we have done so."

Culturally transferable applicants from overseas will be welcome. German, particularly, and French as well as English would help.

Starting salary about £12,000. Bonus on results could increase that by up to 40 per cent. Car.

Written applications with career outline to John Trafford (he won't be there to answer the 'phone for the next fortnight, you see—on holiday again, I suppose) at *Heidrick* and Struggles International, 25 Old Burlington Street, London *W1X 2BD.*

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These advertisements appeared in the Financial Times on 3rd July, 1979

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Financial Controller	£7,000+Co. Car	Bedfordshire	Schlegal (UK) Engineering Ltd.
Young Qualified Accountant	£8,000	Romford, Essex	H. Webb Construction Ltd.
Accountant	£20,000-£25,000	Bahamas	IPS Group
Senior Accountants	£10,000+	Saudi Arabia	IPS Group
Accountant	$19,500	Bermuda	IPS Group
Executive Appointments	—	—	Percy Coutts & Co.
Accountant—Audit Department	£6,876-£8,226	Based Cheltenham	Eagle Star Insurance Group
Chief Accountant	£7,000	Milton Keynes	Jurid UK Ltd.
Assistant Financial Controller	£6,500	Berkshire	HFC Trust Ltd.
Young Qualified Accountant	to £8,000	Beds/Herts Borders	Thornton Baker
Recently Qualified Accountants	£7,750+Car	Based in Berkshire	Allen Cameron Associates
Group Financial Accountant	£7,500+Car & Benefits	Worcester Park, Surrey	Reginald Welsh & Partners
Development Executive	£8,000+Car	WC2	Reed Executive

For further details see the FT of that date or telephone the Financial Times on 01-248 8000 Ext. 7177 or 01-248 5597

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S9989	ACCOUNTANT—Civil Engineering consultants—City	to £8,400
J1014	ASST. INTERNAL AUDITOR—Investment—City	c £8,000&car
C1009	MANAGEMENT ACCOUNTANT—Engineering—West Sussex	to £8,000
D9997	MANAGER ACCOUNTING—Financial organisation—Sussex	c £8,000
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P9993	TAX MANAGER—CA's practice—Sussex	£7,500
C9976	MANAGEMENT ACCT.—New post, expanding company—Surrey	to £7,500+
C1007	ACCOUNTANT—Engineering company—E2	to £7,500
J9998	MANAGEMENT ACCOUNTANT—Good prospects—Kent	to £7,500
D9980	TREASURY ASSISTANT—New appointment—W1	to £7,400
P9979	ASSISTANT TAX MANAGER—CA's practice—Northants	to £7,000
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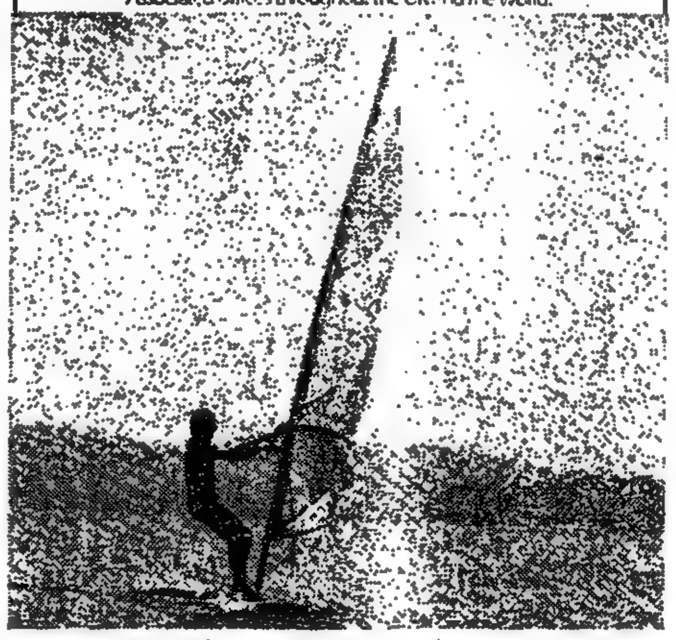

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GENERAL APPOINTMENTS

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HIGSON PING

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THE POST is for a General Manager who will take total charge of the operation. Reporting to the parent Board, he will be required to read the market, to analyse demand, and to take the decisions and actions necessary to build the business into a profitable position.

THE MAN will be a sound, profit motivated businessman with experience of the food industry, and a knowledge of the international movement of all major food items.

An initial salary of c.£30,000 tax free is envisaged, plus the normal range of Middle East benefits. In due course it is anticipated that total earnings will relate to the profitability of the business.

The potential is enormous and applications are sought from candidates, aged 30-45, who fit the above requirements and can rise to a challenge.

Place of work: Jeddah, but extensive travel is anticipated.

Write, or telephone, for an application form quoting reference No. T/717 to:

Higson Ping Ltd./Executive Recruitment Consultants.
110 Jermyn Street London SW1Y 6HB
Telephone 01 930 4196 (24 hour answering service)

UMIST

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Salary is on the scale £4232-£8452 per annum (subject to a revision from October, 1979).

Informal enquiries may be made to Professor R. B. Dew (061-236 3311, Ext. 2198).

Requests for application forms and further particulars quoting reference MS/119, should be made to the Registrar, UMIST, P.O. Box 88, Manchester M60 1QD.

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Thorn Television Rentals Limited Wiltshire

c. £6,000

This appointment will give a wide range of experience in commerce to a person who is capable of assuming increasing responsibilities. Thorn Television Rentals is a division of Thorn Electrical Industries Limited operating a major administrative centre in Swindon, Wiltshire, and providing a service to a number of television rental subsidiaries in the U.K. and overseas. The Group constitutes the largest television rental organisation in the world and we utilise the most advanced computer techniques in our Administration Centre.

Candidates will be aged over 24, recently qualified as accountants, and with the ability to work in a large group using sophisticated techniques. The salary and career prospects will be attractive to the most competent.

Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, education and qualifications.

Please write to
T. M. O'Brien
Financial Director
Thorn Television Rentals Limited
Television House
Shrivenham Road
Swindon, Wilts.

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This is a new position and the successful applicant will be required to institute and/or improve monthly accounting and costing procedures. Our present accounting system uses VRC Mini Computers but a change to a disc-based system is envisaged in the near future and some experience of either would be an asset.

Applicants should be aged 27-36 and able to assist in the growth of the company which is assured. A salary commensurate with responsibility and experience is envisaged and would be equal to London rates.

Applications to:
Company Secretary, Timbmet Limited
P.O. Box 39, Chawley Works, Cumnor Hill, Oxford

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Sal. £10,000+

25-36 years

Ref. No. L1261

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Twickenham *£7,500*

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25 Lime Street, EC2	01-623 3544

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APPOINTMENTS WANTED

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Energy hopes lift Dow 7 more in heavy trade

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—26¼% (24%)
Effective $2.2020 7% (6%)

CONTINUING TO reflect hopes that President Carter will take some strong measures to ease the energy problem and help the economy, Wall St further advanced in heavy dealings yesterday.

The Dow Jones Industrial Average, after moving ahead 10.4 last Friday, closed 6.83 higher at 852.99. The NYSE All Common Index climbed 50 cents more to a new peak for the year of $59.32, while gains outpaced declining issues by 991 to 504. Turnover further increased to 42.56m shares from last Friday's 38.65m.

Analysts noted a pick-up in the number of large block trades, suggesting increased participation by cash-laden institutional investors.

Earlier in the day, James McIntyre, director of the Office of Management and Budget, said Carter may have to abandon his goal of a balanced Federal budget by fiscal 1981 in order to channel funds into a new energy development programme. Representative Toby Moffett (Democrat for Connecticut), who participated with more than 20 members of Congress in a meeting at Camp David with the President said Carter appears to be moving towards "large-scale development of synthetic fuels and a rehabilitation of the nuclear industry" as part of his new energy policy.

Other Congressmen added that Carter's Camp David discussions also covered standby rationing plans, conservation measures and ways to cut red tape in starting new projects.

Also boosting the stock market were plans for increased Saudi production confirmed by the White House, which said Saudi Prince Fahd has told President Carter output will be increased substantially for a significant time.

House speaker Thomas O'Neill, emerging from meetings with the President at Camp David, said Saudi output probably would rise by 500,000 to 1m barrels a day from the current 8.5m barrel average.

As in recent sessions, energy shares were at the forefront of the advance. Partners in Arabian American Oil moved higher. Exxon rose ¼ to $55¼, active Texaco ¼ to $28⅝, Mobil 1⅛ to $41¼ and Standard Oil California 1⅞ to $52. Among the actives, Occidental Petroleum, which has a major position in oil shale projects, added 1¼ at $25⅜.

Combustion Engineering, seen as a way of participating in synthetic fuel projects, advanced 2¼ to $52¼, while active R. L. Burns, an oil and gas exploration company, put on ½ to $7¼.

Charter, which has settled disputes with Iran that had jeopardised crude oil supplies to its Bahamian refinery, jumped $4 to $36⅜. Norfolk and Western rose 1⅛ to $28½ and Superior Oil $4 to $432.

General Electric which has received a $220m Saudi contract for gas turbines, gained ⅛ to $51.

Volume leader CIT Financial, however, which jumped 14 points last week on news of take-over talks with RCA, slipped 1⅛ to $53¼.

NLT, lifted by bid speculation since Ashland Oil took options to buy 3m shares, rose 2⅛ to $35¼.

THE AMERICAN SE Market Value Index moved ahead 1.24 more to 201.71 on a large volume of 5.14m shares (3.74m).

Canada

Markets again showed no overall clear trend yesterday in an active business. The Toronto Composite Index eased 0.3 to 1586.3, while the Golds sub-group, after recent strength, reacted 38.9 to 1887.2 on index. Metals and Minerals lost 5.4 to 1,341.2, but Oils and Gas picked up 22.1 to 2,807.5. In Montreal, Papers declined 1.04 to 171.55 but Utilities improved 1.22 to 234.6.

Oil shares recovered losses in recent sessions as Canadian Superior rose 4½ to C$ 139½.

Tokyo

Stocks again closed on an easier note after moderate activity on interest rate worries. The Nikkei-Dow Jones Average receded 20.19 more to 6,258.71 and the Tokyo SE index 1.50 to 445.05. Volume amounted to 270m shares, against 200m in Saturday's half-day session and a total last Friday of 250m.

Brokers said prices were generally firmer in the morning, but they began to decline in the afternoon as reports that West Germany is likely to raise its Official Discount Rate circulated in the market and affected its mood.

Uncertain export prospects left Light Electrical issues mainly lower, with Sony declining Y20 to Y1,940 and Pioneer Electronic the same amount to Y1,920. In the Vehicles sector, Honda retreated Y11 to Y527.

Steels, Shipbuilding and Heavy Electricals were also weak. Hitachi lost Y9 to Y238, Mitsui Engineering and Shipbuilding Y5 to Y171 and Sumitomo Metal Y3 to Y126.

Energy-related shares came back from a firm start, with Arabian Oil closing Y210 down at Y4,350 and Teikoku Oil Y5 off at Y873.

On the other hand, Trading Houses were strong on reports that they are trying to bring in more crude oil to Japan through direct deals with Arab producers. *Sumitomo* advanced Y15, Mitsubishi Y18 to Y526 and Mitsui Y8 to Y329.

Germany

Expectations that the Bundesbank will tighten its credit policy on Thursday dragged share prices down over a broad front, leaving the Commerzbank index 5.6 off at 732.0.

Otmar Emminger, president of the Bundsbank, has said several times in recent weeks that he fears West German inflation could rise by between 4 and 5 per cent unless measures are taken. The Central Bank Council is scheduled to meet on Thursday, July 12, for the last time before its summer break, and observers widely suspect new credit-tightening moves, very possibly including a rise in the Official Discount and Lombard rates.

Banks and Stores suffered the greatest losses, with Commerzbank receding DM4.60, Deutche Bank and Neckermann each DM4.50, and Dresdner Bank DM3.70.

Paris

After losing ground at the outset, shares picked up to close firmer for choice on balance, boosted by a subsequent good inflow of buying orders. The Bourse Industrials index was finally a net 0.4 firmer at 85.1.

Brokers commented that the later firm performance of the market was especially remarkable in view of the announcement of a rise in French banks' Minimum Lending Rates to 9.45 per cent from 9.15 per cent. In consequence, the Call Money rate rose to 9 per cent — its highest level in almost a year — from last Friday's 8.75 per cent.

Outshining all other issues was the stock of Dassault Aviation, which rose 14 per cent during the session. Brokers cited reports that Iraq and Colombia are about to order Dassault-built Mirage fighters.

Hong Kong

Market strengthened in fairly active trading, with Property shares and special situations attracting a good deal of interest. The Hang Seng index advanced 11.54 to 544.73, the biggest daily rise since April 6.

Helping sentiment was news that Hutchison Whampoa may bid for all China Provident shares that it does not already own, news that a joint venture between Cheung Kong and Kiu Kwong Investment has won a Government tender to develop a private residential complex, and also reports of a redevelopment joint venture project between Green Island Cement and Cheung Kong.

Hong Kong Land added 30 cents at HK$7.25, Hutchison Whampoa 45 cents at HK$4.70, Wheelock "A" 15 cents at HK$3.30, Jardine 20 cents at HK$10.80 and Hong Kong and Kowloon Wharf HK$1.75 at HK$33.25.

Australia

Markets put on another firm performance, with Golds and some energy stocks particularly buoyant. The Sydney All Ordinaries index rose 3.38 to 588.26.

Record high Bullion prices overseas pushed the Golds sector further ahead, with Central Norseman, also helped by news of a proposed five-for-one stock split, advancing A$3.00 more to a 1979 peak of A$33.00.

Peko-Wallsend put on 10 cents to A$5.46, reflecting its extentive gold interests. Otter Exploration moved ahead 14 cents to 70 cents, with turnover reaching 290,000 shares in Sydney, 87,000 of which changed hands on the Overseas Boards. Last week, the company announced the discovery of gold mineralisation on its Griffins prospect.

Overall market leader BHP strengthened 20 cents to A$9.50, partly because of its gold mining operations.

Johannesburg

Gold shares drifted easier on light profit-taking, reflecting lower bullion prices.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
♠ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. A Interim since increased.

Indices

NEW YORK —DOW JONES

	July 9	July 6	July 5	July 3	July 2	June 29	1979 High	1979 Low	Since Compil't'n High	Since Compil't'n Low
◆ Industr'ls	852.99	846.16	836.75	835.58	834.04	841.98	878.72 (18/4)	807.00 (27/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	85.83	85.92	85.94	85.87	85.79	85.[illegible]	85.97 (3/7)	82.82 (8/5)	—	—
Transport	251.56	248.84	245.57	242.61	241.55	242.26	251.56 (9/7)	205.78 (27/2)	279.88 (7/2/69)	12.25 (8/7/32)
Utilities	107.75	106.70	105.82	105.45	105.21	105.45	107.75 (9/7)	98.51 (15/5)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol '000's	42,558	38,650	30,540	31,760	32,170	34,848	—	—	—	—

◆ Day's high 856.57 low 844.28

	July 6	June 29	June 22	Year ago (approx)
Ind. div. yield %	5.69	5.72	5.97	5.75

STANDARD AND POORS

	July 9	July 6	July 5	July 3	July 2	June 29	1979 High	1979 Low	Since C'mpil't'n High	Since C'mpil't'n Low
‡ Indust'ls	115.86	114.77	113.44	113.08	113.05	114.14	116.86 (9/7)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
¶ Composite	104.47	103.62	102.43	102.09	101.88	102.91	104.47 (9/7)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	July 3	June 27	June 20	Year ago (approx)
Ind. div. yield %	5.28	5.27	5.30	5.18
Ind. P/E Ratio	7.92	7.94	7.91	8.93
Lon Gov. Bond Yield	8.74	8.75	8.87	8.62

N.Y.S.E. ALL COMMON

July 9	July 6	July 5	July 3	1979 High	1979 Low
59.32	58.82	58.16	57.94	59.32 (9/7)	53.88 (27/2)

Rises and Falls

	July 9	July 6	July 5
Issues Traded	1,911	1,889	1,861
Rises	991	1,083	854
Falls	504	393	541
Unchanged	416	413	466
New Highs	159	110	58
New Lows	8	7	8

MONTREAL	July 9	July 6	July 5	July 4	1979 High	1979 Low
Industrial	268.14	268.09	270.66	272.62	279.19 (29/6)	218.18 (2/1)
Combined	267.52	267.16	268.48	268.78	275.13 (29/6)	225.86 (2/1)
TORONTO Composite	1586.3	1586.6	1583.5	1581.4	1616.8 (29/6)	1315.3 (2/1)
JOHANNESBURG Gold	[illegible]	302.7	[illegible]	292.8	309.4 (25/6)	228.4 (17/1)
Industrial	305.9	304.5	302.8	304.6	330.0 (25/6)	270.5 (2/1)

	July 9	Previous	1979 High	1979 Low
Australia (¶)	589.26	584.89	597.69 (19/3)	545.72 (2/1)
Belgium (‖)	108.55	108.30	109.00 (5/7)	98.60 (3/1)
Denmark (**)	85.25	84.96	97.22 (10/5)	88.32 (8/1)
France (††)	85.1	84.7	86.9 (28/6)	71.5 (15/2)
Germany (‡‡)	732.0	737.6	839.6 (18/1)	718.4 (7/6)
Holland (§§)	75.3	75.9	85.9 (24/1)	71.3 (7/6)
Hong Kong (¶¶)	544.73	533.19	562.90 (5/2)	493.83 (2/1)
Italy (‖‖)	79.51	78.93	80.01 (4/6)	68.38 (2/1)
Japan (a)	445.05	446.55	462.97 (31/1)	435.22 (10/4)
Singapore (b)	375.34	372.85	404.13 (23/5)	346.34 (23/2)
Spain (d)	(c)	—	111.95 (8/6)	93.03 (12/1)
Sweden (e)	347.75	(c)	401.54 (5/2)	338.88 (25/6)
Switzerld (f)	310.5	314.7	329.1 (2/5)	294.0 (3/1)

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 29/12/78. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. g Unavailable.

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
CIT Financial	822,500	53¼	−1⅛
Occident. Petrl.	494,300	25⅜	+1⅛
Gulf Oil	487,500	23	+⅛
NLT	411,600	35¼	+2⅛
Caesars World	411,100	30¾	+2¾
Texaco	401,900	28⅝	+⅛
Hercules	389,000	19⅞	+⅛
Deere	379,000	40	+1
Am. Tel. & Tel.	354,800	57⅛	−⅛
R. L. Burns	343,600	7⅛	+⅛

EUROPEAN OPTIONS EXCHANGE

Series			July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN	C	F.350	—	—	—	—	15	3	F.330.50
AKZ	C	F.27.50	—	—	—	—	27	3	F.27.70
AKZ	C	F.30	—	—	22	1	24	1.70	"
AKZ	C	F.32.50	—	—	—	—	13	0.80	"
AKZ	P	F.27.50	—	—	5	0.70	—	—	"
AKZ	P	F.30	5	1.90	—	—	—	—	"
ARB	C	F.70	—	—	—	—	2	3.10	F.67.70
CSF	C	F.400	10	1	20	5	—	—	F.357.50
EK	C	$60	—	—	—	—	2	8½	$57¼
HO	C	F.30	—	—	5	2	—	—	F.30
HO	C	F.35	—	—	12	0.60	—	—	"
IBM	C	$75	1	⅛	5	3	—	—	$75¾
IBM	P	$80	40	⅛	—	—	—	—	"
KLM	C	F.100	53	1.80	27	4	3	6.30	F.101
KLM	C	F.110	1	0.10	4	1.80	—	—	"
KLM	C	F.120	-	—	18	0.70	5	1.60	"
KLM	P	F.100	113	1	55	7.30	15	8	"
KLM	P	F.110	15	9	—	—	—	—	"
PET	C	Fr.4200	—	—	6	999	2	999	Fr.5390
PET	C	Fr.4400	22	999	14	999	—	—	"
PET	C	Fr.4600	40	800	8	820	2	999	"
PET	C	Fr.4800	—	—	2	620	2	880	"
PET	C	Fr.5000	—	—	10	600	6	710	"
PET	C	Fr.5500	—	—	30	280	7	400	"
PHI	C	F.25	—	—	46	1	28	1.60	F.23.90
PHI	C	F.27.50	—	—	10	0.40	20	0.70	"
PHI	P	F.27.50	—	—	—	—	20	3.40	"
PRD	C	$30	10	⅝	5	2	4	[illegible]	$28⅝
PSA	C	F.340	—	—	—	—	5	5	F.300
RD	C	F.130	—	—	6	23.50	—	—	F.152.50
RD	C	F.140	10	12.40	51	13.80	29	15	"
RD	C	F.145	5	7	27	9.50	67	10	"
RD	C	F.150	—	—	218	6.90	119	7.90	"
RD	P	F.135	—	—	1	0.50	—	—	"
RD	P	F.140	—	—	—	—	40	0.70	"
RD	P	F.145	—	—	—	—	20	1.40	"
RD	P	F.150	—	—	56	3.20	—	—	"
UNI	C	F.125	4	6.40	20	6.20	—	—	F.130
UNI	C	F.130	4	1.60	44	3.30	26	4.30	"
UNI	C	F.135	—	—	—	—	1	2	"
			Aug.		Nov.		Feb.		
BA	C	$46⅝	10	⅜	—	—	—	—	$42⅜
BAZ	C	$45	5	⅝	5	2	—	—	$42⅜

TOTAL VOLUME IN CONTRACTS 1554

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hill Samuel	§14 %
Allied Irish Banks Ltd.	14 %	C. Hoare & Co.	†14 %
Amro Bank	14 %	Julian S. Hodge	15 %
American Express Bk.	14 %	Hongkong & Shanghai	14 %
A P Bank Ltd.	14 %	Industrial Bk. of Scot.	14½%
Henry Ansbacher	14 %	*Keyser Ullmann*	14 %
Associates Cap. Corp.	14 %	Knowsley & Co. Ltd.	15½%
Banco de Bilbao	14 %	Lloyds Bank	14 %
Bank of Credit & Cmce.	14 %	London Mercantile	14 %
Bank of Cyprus	14 %	Edward Manson & Co.	15 %
Bank of N.S.W.	14 %	Midland Bank	14 %
Banque Belge Ltd.	14 %	■ Samuel Montagu	14 %
Banque du Rhone et de la Tamise S.A.	14½%	■ Morgan Grenfell	14 %
Barclays Bank	14 %	National Westminster	14 %
Bremar Holdings Ltd.	15 %	Norwich General Trust	14 %
Brit. Bank of Mid. East	14 %	P. S. Refson & Co.	14 %
■ Brown Shipley	14 %	Rossminster	14 %
Canada Perm't Trust	14 %	Ryl. Bk. Canada (Ldn.)	14 %
Cayzer Ltd.	14 %	Schlesinger Limited	14 %
Cedar Holdings	14 %	E. S. Schwab	15 %
■ Charterhouse Japhet	14 %	Security Trust Co. Ltd.	15 %
Choulartons	14 %	*Shenley Trust*	16 %
C. E. Coates	14 %	Standard Chartered	14 %
Consolidated Credits	14 %	Trade Dev. Bank	14 %
Co-operative Bank	*14 %	Trustee Savings Bank	14 %
Corinthian Secs.	14 %	Twentieth Century Bk.	15 %
Credit Lyonnais	14 %	United Bank of Kuwait	14 %
The Cyprus Popular Bk.	14 %	Whiteaway Laidlaw	14½%
Duncan Lawrie	14 %	Williams & Glyn's	14 %
Eagil Trust	14 %	Yorkshire Bank	14 %
English Transcont.	14 %		
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		
■ Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ *Guinness Mahon*	14 %		
■ Hambros Bank	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%. 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12% and over £25,000 12¼%.
‡ *Call deposits over £1,000 11½%.*
§ Demand deposits 11½%.

† Bid. ‡ Asked. § Traded. ‖ New stock.

NEW YORK

CANADA

GERMANY ◆

TOKYO ¶

AUSTRALIA

STOCKHOLM

OSLO

JOHANNESBURG

Financial Rand U.S.$0.69 (Discount of 24.6%)

SPAIN ♥

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND ♠

COPENHAGEN ♣

MILAN

VIENNA

BRAZIL

Source: Rio de Janeiro SE.

Source: Nikko Securities, Tokyo

EEC urged to grow more trees

By Our Commodities Staff

THE EUROPEAN Community, the world's main timber importer, should finance a major tree-planting programme as soon as possible, Mr. John Corrie, MP for Bute and North Ayrshire, said in a pamphlet published yesterday.

Even though EEC members have 31m hectares of forests—the same as the grain growing area—they are still poorly off for timber compared with other parts of the world, Mr. Corrie says. And he warns that all evidence points to a major world shortage of timber by the end of the century.

Mr. Corrie also contributed to another new booklet with Mr. Jim Scott-Hopkins, leader of the Tory group in the European Parliament, which calls for a restructuring of EEC spending into a rural fund and an urban-industrial fund.

These would replace the regional, social and agricultural funds which have proved difficult to co-ordinate.

Forestry in Europe and Towards a Community Rural Policy, published by the European Conservative Group, St. Stephen's House, Victoria Embankment, London, SW1.

See Lombard Page 14

UK calls for ban on whaling and EEC imports

BY OUR OWN CORRESPONDENT

THE BRITISH Government yesterday announced its support for a world-wide ban on commercial whaling and for a Common Market ban on whale product imports.

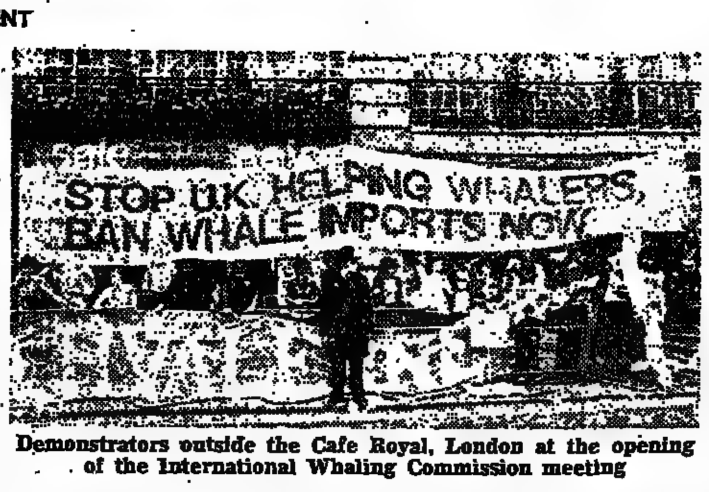
Mr. Alick Buchanan-Smith, Minister of State for Agriculture, told the opening of the 31st annual meeting of the International Whaling Commission in London the UK was concerned about the inadequacy of scientific analysis of whale stocks and the inhumane methods of slaughter.

"Resumption of whaling should only be reconsidered if evidence of recovery of stocks and improvements in the methods of killing justify it," he told the 22-member IWC.

Although the British call for a moratorium cheered some conservationists, there was general distress at the failure to institute a unilateral ban on UK imports of all whale products.

Ms. Joanna Gordon-Clark, speaking on behalf of the Friends of the Earth Organisation, said she was pleased Britain would join the U.S., Australia, Seychelles and others in urging an immediate halt to commercial whaling, but said the vague promise to seek EEC joint action on the importation of whale products was illogical and wrong.

Mr. Richard Frank, the U.S. commissioner, distributed to all IWC members a letter from President Carter, urging the Commission to adopt an indefinite moratorium.



Demonstrators outside the Cafe Royal, London at the opening of the International Whaling Commission meeting

Mr. Frank said there were "manifold deficiencies" in the current whale management system.

The American delegation included two Congressmen who had recently helped to pass a Congressional resolution calling for a whaling moratorium. Mr. Paul McCloskey, a California Republican, said that the IWC had spent 25 years dividing up whale stocks for the purposes of killing them. "The issue now is the end of all commercial whaling and many of the commissioners don't seem to realise that," he said.

As the IWC meeting opened inside the Café Royal, about 150 demonstrators were gathered outside on Regent Street, waving banners and chanting slogans.

One man slowed traffic around Piccadilly Circus briefly when he dragged a Japanese flag to the middle of Regent Street, poured mock blood over it and set it on fire.

Conservationists attending the meeting deplored the flag-burning and said there were more effective ways to achieve an end to whaling.

Before the IWC adjourned its opening plenary session, American singer John Denver addressed delegates and presented a petition signed by 500,000 Americans, calling for an end to whaling.

Steady fall in coffee markets

By Our Commodities Staff

WORLD COFFEE prices lost ground steadily on the London market yesterday and the three months position closed £79.50 a tonne down at £1,935.50.

The market fell at the start of trading reflecting the depressed close in New York on Friday and edged lower in the absence of any fresh influences.

Selling by dealers and producers in the afternoon encouraged the slide and further downward pressure was applied when the New York market opened with fresh falls.

Reports that the areas of high pressure and cold fronts circulating in and around Brazil were unlikely to extend into coffee growing regions encouraged the decline.

COMMODITY AGREEMENTS

World rubber pact likely this week

BY BRIJ KHINDARIA IN GENEVA

MOST OF the main hurdles to the conclusion of a first ever international commodity agreement for natural rubber have been crossed, and negotiations are likely to end in Geneva this week with an accord to stabilize prices.

The deal substantively agreed so far represents a compromise for both producers, developing countries, and consumers, Western industrial nations.

The key element in the arrangement will be a buffer stock scheme whose managers will buy rubber to prevent prices from falling below an agreed "floor," and sell from stocks to prevent prices from rising above an agreed "ceiling." The normal size of the buffer stock will be 400,000 tonnes, plus a contingency stock of 150,000 tonnes.

Although the price of rubber currently is about 280 Malaysion cents per kilo—down from about 296-298 cents per kilo just three weeks ago—the new agreement will try to hold the price below a "ceiling" of 270 cents per kilo. This ceiling" is still seen as adequate in view of current plans by major producers, including Malaysia and Thailand, to raise output and the threat of economic recession in the West.

The "floor" has been set at 150 cents a kilo, a level which is a sharp disappointment to the producers but the key consumers—the United States and European Common Market—refuse to go any higher.

The system of stock management chosen to keep prices within this corridor is complicated. It is agreed that an attempt should be made to keep the actual market price near a reference level of 210 cents a kilo. If the market price moves by 15 per cent above or below this reference the stock managers will be free to intervene if they so decide. They will, however, be obliged to intervene if the market price moves by 20 per cent around the reference. If buffer stocks are exhausted in defending the ceiling new talks will be called among the agreement's signatories.

The agreement would remain in force for five years and its operation would be reveiwed annually. If before its expiration no new accord is reached the agreement may be extended for no more than two years.

The U.S. was not able to win a provision asking producer countries to hold consultations before taking any major policy decisions concerning rubber production. The producers have, however, agreed to hold general consultations periodically.

A major issue still unresolved concerns methods by which the buffer stock will be financed and how the payments will be shared out among member countries. Another argument continues over contingency stock.

The U.S. favours an approach where the contingency stock would not be treated in a way significantly different from the normal stock. The producers, who do not want the burden of large and expensive stock levels, prefer to keep the agreement's main focus on first building up the normal stocks. They would turn to contingency stocks only if continuing tight supplies threaten serious market disruption over a lengthy period.

Western concern about sustained supplies and easy availability of rubber is reflected in a separate argument about supply measures to back up the agreement's other substantive economic provisions. The major worry here is that some producers might be tempted to hold back supplies in a rising market to keep prices near the agreed "ceiling" even in conditions which would otherwise cause the price to fall close to the reference level or below it.

Rubber producing countries are being cautious because they do not wish to be pushed into undertaking large investments to increase production under pressure from consumers only to see the bottom fall out of the market in the future.

Their aim is to set their incomes on a constantly rising trend while at the same time balancing supply with demand.

Indian tea exports rise

By P. C. Mahanti

CALCUTTA—India's tea exports in April and May totalled 27.7m kilograms compared with 16.4m kilos in the same months last year.

Industry sources say export prospects this year are quite good, due partly to the encouragement by New Delhi which has not fixed any ceiling on sales as in the previous two years, and the possibility of another disappointing coffee crop in Brazil.

Indian sugar production drops

NEW DELHI — India's sugar production in the current season, ending September, is likely to be 5.58m tonnes down from 6.46m last year.

Bhanu Pratap Singh, Minister of State for food and agriculture, told Parliament output to June 22 was 5.83m tonnes compared with 6.25m a year ago. Reuter

Cash copper below £800

BY JOHN EDWARDS, COMMODITIES EDITOR

CASH COPPER wirebars traded at below £800 a tonne on the London Metal Exchange yesterday for the first time since mid-January. Renewed selling, encouraged by a decline in New York, brought a generally easier trend and put extra pressure on cash metal. As a result cash wirebars lost £20 to £799.5 a tonne while the three months quotation was £16.25 lower at £817.25.

The market is in a state of uncertainty awaiting President Carter's announcement on energy-saving measures, and also the result of the U.S. mint tender for supplies of both copper and nickel required for coin manufacture.

Meanwhile, the International Wrought Copper Council, which represent consumers, said in its annual report for 1977-78 out yesterday that short-term forecasts for 1979 indicated another supply deficit of around 400,000 tonnes this year—much the same as in 1978.

The council noted that many producers still felt current prices were incapable of generating the level of investment in new mine capacity necessary to prevent a serious shortfall in supply during the 1980s.

The British Non-Ferrous Metals Federation, in its annual report, expresses concern about the situation in Zambia, which continues to be the major supplier of copper to the UK. There seems little sign of the transport problems being solved at an early stage, the report said.

Referring to the quest for world copper price stabilisation, the Federation says it is not opposed to the principle of buffer stocking. But it could not support such a scheme while it was based on the little tested assumption that it was the only possible way for stabilising prices and must, therefore, work.

Tin prices came back sharply again following a further easing in the supply squeeze that has dominated the market. Cash tin dropped by £222.5 to £7,152.5 a tonne after having fallen £495 on Friday.

Lead lost ground too. Last week's gains were wiped out by the cash price dropping by £33 to £611 a tonne.

Philippines step up sugar alcohol plan

MANILA—The Philippines will step up production of alcohol from surplus sugar cane and cassava for use in "alcogas" as a substitute high octane motor fuel.

The Government said yesterday it was setting up a national alcohol programme committee to carry out the crash programme.

A possible modification of car and lorry engines to make them run efficiently on the alcogas mixture, as well as on pure gasoline will be investigated and the Finance Ministry has been asked to study ways to reduce or eliminate taxes on alcohol.
Reuter

Rum shipment breaks records

TWO PORT of Liverpool freight records will be broken this week when the tanker, Proof Trader, arrives in the Mersey from Georgetown, Guyana, with a £15m cargo of 200,000 gallons of rum. This will bring the overall cargo handled at the £600,000 bulk installation at the South Nelson Dock to more than ½m gallons so far this year, exceeding 1978's total shipments. The cargo is the largest the port has handled.

Potato guarantee 'frozen'

BY CHRISTOPHER PARKES

IN A move which could lead to Britain indirectly subsidising imports of potatoes from Holland and France later this year, Mr. Peter Walker, Minister of Agriculture, yesterday announced the new season's potato market guarantee scheme.

The guaranteed price will remain frozen at last year's level of £43.94 a tonne, and the Potato Marketing Board has been asked to prepare contracts with growers to give it the option of removing up to 500,000 tonnes of potatoes from the market to keep prices up.

Farmers were disappointed at the price standstill, but relieved that the Minister did not exercise his power to reduce it by up to 4 per cent.

Mr. Walker told the Commons that no surplus of home-grown potatoes was expected in the main-crop season which starts next month. But he nevertheless made arrangements for heavy withdrawals from the market "should this become necessary."

Following last year's judgment in the European Court of Justice, the British market must remain open to imports from other Community countries.

Test marketings last year were generally disappointing for Dutch traders, but the fears remain that imports could depress prices in the UK this season. If this happens displaced home-grown potatoes will be withdrawn to keep prices up for the benefit of both home producers and any foreign suppliers.

The Potato Board, which has the overall responsibility for keeping supply and demand in balance, said that because the industry is in a state of limbo between the now-redundant British regulations while awaiting an EEC marketing regime, the new guarantee arrangements "could have been worse."

But it warned that the guaranteed price fell considerably short of the average production costs of the crop,

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lost ground on the London Metal Exchange. Forward metal started at £825-£828 and drifted to £823 before influential buying steadied the market. But after the Comex opening the price moved down on short selling and stop-loss selling under £820, although the [illegible]

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
Wirebars				
Cash	809-9	-12	799-800	-20
3 months	825.5-6.5	-9.25	817-.5	-16.2
Settlem't	809	-12	—	.....
Cathodes				
Cash	788-9	-2.5	777-8	-22.5
3 months	808-.9	-8.75	799.5-800.5	-17.2
Settlem't	789	-3	—	.....
U.S. Smt.	—	.....	*94-98	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £808, 806, 5, 6, three months £824, 23, 24, 25, 24, 23, 24, 25, 26. Cathodes cash £788, 89, three months £808.5, 9. Kerbs: Wirebars three months £825, 24, 24.5, 25, 24. Afternoon: Wirebars three months £823, 22.5, 23, 23.5, 23, 18, 19, 18, 17, 16, 16.5, 17, 17.5, 18, 17.5. Cathodes cash £778. Kerbs: Wirebars three months £815, 14.5, 14, 13, 14.

TIN—Easier with forward metal moving down from £6,960 after the weekend fall in the East and a larger [illegible]

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7110-200	-112	7145-60	-222
3 months	6975-90	+7.5	6915-30	-57.5
Settlem't	7200	-110	—	.....
Standard				
Cash	7190-200	-112	7145-60	-222
3 months	6935-40	-7.5	6908-5	-55.5
Settlem't	7200	-110	—	.....
Straits. E.	$1980	-15	—	.....
NewYork	—	.....	—	.....

Morning: Standard cash £7,250, 20, 7,200, three months £6,955, 50, 40, 35. Kerbs: Standard three months £6,940. Afternoon: Standard three months £6,920, 10, 01, 05, 08, 05, 10. Kerbs: Standard three months £6,905.

LEAD—Weaker as the forward price moved steadily throughout the day, mainly of lack of interest in a very subdued market. After starting at £605 [illegible]

[illegible]

ZINC—[illegible]

ALUMINIUM—[illegible]

NICKEL—[illegible]

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 1.55p an ounce higher for spot delivery in the London bullion market yesterday at 403.0p. U.S. cent equivalents of the fixing levels, were: [illegible] three-month [illegible] 12-month 962.30c, [illegible] at 403-404p [illegible] 399-400p [illegible]

[illegible]

COCOA

Cocoa futures traded in quiet conditions throughout a featureless day to close unchanged from Friday's levels, reported Gill and Duffus.
Sales: 6,726 (6,339).

[illegible]

COFFEE

[illegible]

GRAINS

[illegible]

RUBBER

Sales: 427 (503) at 15 tonnes and 1 at 5 tonnes.

No. 1 R.S.S.	Yesterd'ys Close	Previous Close	Business Done
[illegible]			

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

COTTON

[illegible]

MEAT/VEGETABLES

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	July 9 1979	+ or —	Month ago
[illegible]			

AMERICAN MARKETS

NEW YORK, July 9.

Heavy commercial buying believed to be for pending export commitments resulted in a minor rally in grains and the soyabeans complex. Late rally carried silver to limit-up and gold to minor gains on rumours of lower than expected increases in Saudi oil production. Coffee was down the limit when [illegible]

[illegible] 42.22), Aug. 39.35-39.55 (38.22-39.45), Oct. 38.60-38.55, Dec. 37.85-38.00, Feb. 40.30, April 39.90 bid-39.95, June 43.50-43.72 asked, July 44.40-44.45, Aug. 42.75. Sales: 6,751.

§§Maize—July 316½-316¾ (311½), Sept. 319-319¼ (313¼), Dec. 325½-325, March 334-334¼, May 338-338½, July 336-338½.

[illegible]

CHICAGO, July 9.

Lard—Chicago loose 26.25 (26.56). New York prime steam unavailable.

Live Cattle—Aug. 68.10-68.20 (68.25-68.15). Oct. 66.50-66.55 (66.27-66.52), Dec. 68.65-68.55, Jan. 70.20 asked, Feb. 70.95 bid-71.05, April 72.45, June 73.95, Aug. 73.35 bid, Oct. 72.10 asked, Dec. 73.00. Sales: 30,456.

Live Hogs—July 42.20-42.25 (41.37-[illegible]

[illegible] tein content cif St. Lawrence 242.65 (190.00).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

INDICES

FINANCIAL TIMES

July 9	July 6	M'nth ago	Year ago
293.75	296.48	298.39	239.99

(Base: July 1, 1952=100)

MOODY'S

July 9	July 6	M'nth ago	Year ago
1087.2	1095.2	1097.5	914.4

(December 31, 1931=100)

DOW JONES

Dow Jones	July 9	July 6	Month ago	Year ago
Spot	415.66	416.96	417.65	355.35
F'tur's	429.37	428.00	423.39	342.39

(Average 1924-25-26=100)

REUTERS

July 9	July 6	M'nth ago	Year ago
1600.7	1600.1	1630.4	1447.1

(Base: September 18, 1931=100)

EUROPEAN MARKETS

ROTTERDAM, July 9.

Wheat—U.S. No. Two Dark Hard Winter wheat 13.5 per cent, Aug. $210. U.S. Hard Winter wheat ordinary, unquoted. U.S. No. Two Red Winter wheat, Aug. $208, Sept. $210. U.S. No. Two Northern Spring wheat 14 per cent, July $208, Aug. $208, Sept. $208, Oct. $212, Nov. $214.

Maize—U.S. No. Three Corn Yellow, afloat $155, July $155, Aug. $156.50, [illegible] $280, July $280, Aug $287.50, Sept. $292.50, Oct. $297.50. Sunflower seed meal pellets Arg./Urg. 37/38 afloat $198, July $201, Aug. $204, Sept. $204, Oct. $205, Aug./Dec. $204.50, Sept./Dec. $205, Oct./Dec. $207. Cornglutan feed pellets U.S. 23.34, July $198, Aug. $200, Sept. $204, Oct./Dec. $212, Jan./March $216.

PARIS, July 9.

Cocoa (FFr per 100 kilos)—July 1370, [illegible]

Sterling reaction prompts similar movement in Gilts

Equities lose early firmness and close shade easier

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Jun. 18	Jun. 28	Jun. 29	July 10
July 2	July 12	July 13	July 24
July 16	July 26	July 27	Aug. 7

* "New time" dealings may take place from 9.30 am two business days earlier.

The reactionary pound yesterday exacerbated an already easier trend in Government stocks and the announcement later of wholesale price indices, which revived recent concern over a quickening in the UK inflation rate, set the seal on the *first really dull session* experienced by this sector of the market in the past eight trading days.

Selling usually took the form of domestic profit-taking, which often had an exaggerated effect on sentiment because it tended to weigh on a market bereft of overseas investment interest. Having led the recent upturn, long-dated issues suffered the most and the £40-paid Exchequer 12½ *per cent* A 1999, exhausted a week previously as a tap stock, fell 1½ points to 43.

Losses elsewhere among mediums/longs extended to 1¼, but the shorts rarely ended more than ½ easier. Nevertheless, awaiting June banking statistics today which will obviously be distorted by the pre-Budget spending spree, the market was unable to recover but was holding steady at the close. The Government Securities, at 73.08, surrendered *0.49 of its eight-day* rise of 3.0.

Equities at first surmounted doubts presented by repeated resistance to the Government's trade union reform proposals and by decreasing profitability in the corporate sector despite North Sea oil. But enthusiasm soon waned and the sector relapsed into the lethargic mood which has prevailed in recent weeks. Trade in leading shares *thus remained* slow although a series of small orders, involving the sale of employees' shares, enlivened business in ICI.

Reflecting the early firmness, the FT 30-share index was 0.5 higher at 11 am but at the close was a net 2.3 down at the day's lowest of 468.7. Total bargains, at 16,217, were slightly more than Friday's 15,204 but below last week's daily average of 17,542.

Weekend *comment* about the possible abolition of exchange controls failed to daunt buyers of investment currency and, *helped* by the fall in sterling, rates improved to 26½ per cent before a close of 26½ per cent for a net rise of 2½ points. Yesterday's SE conversion factor was 0.9358 (0.9407).

Activity in Traded Options fell to an almost negligible level with only 268 contracts completed, the lowest total since January 11. **Imperial**, with interim results due on Thursday, attracted 51 trades.

Firm of late on small buying ahead of the interim dividend season due to start in about a fortnight, the major clearing banks turned reactionary on profit-taking; sentiment was also adversely affected by a revival of old rumours that a sizeable fund-raising operation is in the offing. **Lloyds** led the retreat with a *fall of* 12 to 333p, while **Midland** closed a like amount down at 370p. **Barclays** gave up 9 to 463p and **Natwest** relinquished 7 to 363p. Elsewhere, **Allied Irish** gave up 5 to 170p as did **Bank of Ireland**, to 335p, and **Grindlays**, to 116p. **Arbuthnot Latham** lost 8 to 170p and **F. C. Finance** declined 5 to 65p, both in thin markets.

Closing falls in Insurances ranged to 8. **GRE**, 240p, **Phoenix**, 244p, **Royals**, 343p, and **Sun Alliance**, 516p, all ended that much cheaper.

Realisations that Mr. James Gulliver's stake in the company will be nearer 25 per cent on the conversion of his loan stock holding lifted **Amalgamated Distilled Products** to 56p following yesterday's resumption of dealings; at the close, the shares were standing at 54p compared with mid-June's suspension level *of 48p*. ***Highland Distilleries*** were quoted 3½ easier at 92p ex-the-rights isue, while the new nil-paid opened at 7 premium before *finishing* at 3 premium following a quiet business.

Buyers' apathy left leading Buildings lower in places with **Blue Circle** additionally sensitive to small selling and shedding 8 to 264p. **UBM**, an unsettled market since the rights issue, rallied 1½ to 61½p, while the new nil paid shares improved a penny to 4p premium. Elsewhere, **Mallinson-Denny** touched 71p before a withdrawal of speculative support left the price 3½ cheaper on balance at 66½p. **May and Hassell**, however, firmed 3 to 86p, after 87p, on the sharply higher *annual profits*. **Brown and Jackson** finished just a penny dearer at 265p after early progress to 273p, while **Norwest Holst**, at 119p, gave back *nearly all of* Friday's gain of 4 that stemmed from an investment recommendation.

ICI slipped 2 to 330p on some selling of workers' shares. Among other Chemicals, **British Benzol** improved a penny to 47p, after 48½p, following a Press mention, but **Carless Capel**, a good market of late on consideration of the company's North Sea interests, eased 2 to 49p.

Ratners improve

Interest in the Stores sector was small but a few firm spots developed among secondary issues. Buying ahead of next Monday's preliminary results helped **Ratners** put on 4 to 106p, while **MFI Furniture**, annual figures due next week, closed a like amount better at 166p. **Harris Queensway** found support at 242p, up 8. The leaders drifted lower with **Marks and Spencer** 3 off at 111p and **Burton A** 4 lower at 264p.

Electricals passed an extremely quiet session and the majority of movements were limited to a few pence either way. Helped by favourable weekend Press mention, **Plessey** firmed 2 to 108p. **GEC** were relatively lively and improved to 356p before closing a net 2 cheaper at 351p, while **Thorn**, preliminary figures due on *Friday*, eased 4 to 400p. Outside the leaders, sporadic support left **Sound Diffusion** 5 to the good at 116p. Buyers also showed *interest in* **Wellco** which gained 3 to 33½p and in **Pye Holdings**, 3 to the good at 115p. **Eurotherm**, however, eased 3 to 350p in front of today's interim statement.

The Engineering leaders held steady until the late afternoon when a slightly easier trend developed. **John Brown** drifted off to close 3 down at 473p and losses of 2 were recorded in **Tubes**, 346p, and **Vickers**, 165p. Elsewhere, favourable Press mention left ***Bullough*** 6 to the good at 252p and **Startrite** 3 higher at 159p, while **Whessoe**, still benefiting from the recent nuclear power order, advanced afresh to 140p before reacting on profit-taking to settle at 136p for a rise of just a penny on the day. Support was forthcoming for **Westland**, which put on 4 to 55p and for **WGI**, *a similar amount dearer* at 103p, but **Deritend** met selling and gave up 5 to 162p. Other dull spots included **Delson**, 3 lower at 25p, and **A. Cohen**, 5 lower at 275p.

Apart from **Rowntree Mackintosh**, which cheapened 4 to *170p*, leading Foods held close to overnight levels following a slow trade. Elsewhere, **Robertson** put *on 6 to 143p on revived speculative* interest and **Albert Fisher** firmed 1½ to 10½p following an investment recommendation. *Awaiting today's annual results*, **Barker and Dobson** eased ½ to 21½p.

Nervous selling left **Ladbroke** 6 cheaper at 180p; the casino licences court case resumes tomorrow. Press comment on a recent acquisition stimulated demand for **Norfolk Capital** which put on 5 to 51p, while the good annual results lifted **Warner Holidays A** 2 to 43p. **Prince of Wales Hotels** firmed 5 to 102p as bid hopes revived.

Silhouette return

Miscellaneous Industrial leaders got the week off to an extremely quiet start. Lack of investment support and sporadic offerings made for dull conditions and closing falls ranged to 7. **Glaxo** ended that much *easier at 440p*, while **Turner and Newall** gave up 3 to 132p and **Bowater** relinquished a couple of pence to *163p*. **Unilever**, down 76 last week after persistent switching into **Unilever NV**, rallied 2 to 518p. Elsewhere, **Silhouette A** returned to the market much higher at 103p, compared with the suspension price of 57p, to match the agreed bid terms from *W. L. Pawson* and after a reasonable trade *closed* at 96p; the Ordinary resumed at 105p and closed at 98p; **W. L. Pawson** reacted 3 to 68p. Demand ahead *of Thursday's* preliminary figures helped **United Gas Industries** put on 4 to 78p and **Valor** advanced 3 to 79p in response to the chairman's predictions of record trading and profits in the current year. Weekend Press comment attracted buyers to **Pentos** which gained 4 to 84p. Continuing to benefit from the recent good results and by North Sea oil prospects, **I. C. Gas** added 8 further to 533p, while improve*ments of around* 4 were recorded in **Neil and Spencer**, 220p, **Ricardo**, 342p, and **Thermal Syndicate**, 133p. **Crosby House**, however, lost 5 to 175p on profit-taking after last Friday's jump of 18 and recent speculative favourite **Feedex** softened a penny to 52p. **Allied Computer** eased 2 to 180p despite the increased annual earnings and **BTR** came on offer at 312p, down 8.

Associated Leisure firmed 1½ to 99½p ahead of next Monday's annual results, but **Barr and Wallace Arnold Trust A**, a good *market of* late on the Board's forecast of a substantially increased dividend, eased 4 to 125p. **Coral Leisure** encountered small selling and also shed 4, to 113p, and recent speculative counter **Management Agency and Music** relinquished 3 to 148p.

Investment apathy left Motor Distributors easier. **Appleyard** closed 4 lower at 61p, **Caffyns** lost 3 at 107p while **Hartwells**, 98p, and **Harold Perry**, 128p gave up 2 apiece. Components, on the other hand, met selective support and **Jonas Woodhead** rose 3 to 94p, while **Flight Refuelling** added 5 to 188p.

Contrasting movements among Paper/Printings saw **Wace** ease 4 to 72p, and **John Waddington**, continuing to recover from weakness that followed the disappointing annual results, adding 3 to 165p.

Properties failed *to* resist the general downdrift and, with fading hopes of an early cut in minimum lending rate an additional burden, ended with losses to 6p. **Land Securities** shed that much to 298p, as did **Great Portland Estates**, to 310p. A particularly firm market on Friday, **Haslemere** relinquished 4 to 310p. Consideration of the annual results left **U.K. Property** 2 cheaper at *31½p*, while profit-taking clipped 4 from **Lynton** to 158p and 5 from **Property Holding and Investment** to 365p. By contrast, a little speculative interest was shown in **Bernard Sunley** which improved *3 to 390p* and, still reflecting the annual results, **Regalian** added a penny more to 25p.

Oil Exp. react afresh

Still reflecting disappointment with the size of **Phillips'** North Sea oil discovery, **Oil Exploration** encountered renewed selling and reacted afresh to 312p before closing with a fall of 8 at 314p for a loss *of 22 since* the announcement. **Premier Oil**, which also has an interest in the new find, eased 1½ to 38½p. Leading issues were fairly quiet, but **British Petroleum** edged up 10 to 1265p, while dollar premium influences left **Royal Dutch** a point up at £36½.

Against the easier trend in Trusts, **Rothschild** advanced 5 to 240p in response to the good results. Among Financials, **London Merchant Securities**, which has an interest in the **Phillips** North Sea find, reacted 6 to 101p.

Hunting Gibson, up 26 at 258p, after 263p, in response to Press mention provided the main feature in the Shipping sector.

Golds falter

South African Golds moved lower in modest turnover, although the tempo of activity quickened in the late afternoon. They moved down with the bullion price, which lost its early firmness, until U.S. selling, *prompted by comments* that the metal is over-valued, emerged and exacerbated the trend.

The Gold Mines Index was 4.9 lower at 163.0, and the ex-premium index lost 5.4 to 152.5. Falls, in sterling terms, were generally below 50p, with some support coming from the higher investment dollar premium. **West Driefontein** were ½ lower at £22½ and **Buffelsfontein** lost 45 to 733p, while **St. Helena** eased 38 to 805p.

The lower trend in Golds spilled over into Platinums where falls of 5 were common to **Rustenburg**, 123p, **Lydenburg**, 78p, and **Impala**, 165p. South African Financials were also affected, although the market was quiet. **UC Investments** lost 10 to 245p.

De Beers were also easier, although the selling pressure *was not sustained*. They were down 5 at 365p before the late announcement of the CSO selling figures for the 1979 first-half, and remained steady afterwards.

London Financials were lethargic and lacked any clear trend. ***Rio Tinto-Zinc*** were 4 harder at 274p, but **Consolidated Gold Fields** fell that amount to 224p.

Australians, by contrast, were considerably busier, and helped by the firmness in Sydney overnight, prices were very steady. **Hampton Areas**, spurred by London interest, rose 16 to 200p, while **Otter Exploration** were again strong on gold prospects with a gain of 8 to 39p.

Diamond stocks were in demand with **Magnet Metals** climbing 5 to 28p. Energy stocks *featured* **Peko-Wallsend**, 8 harder at 298p, and **Pancontinental**, 22 better at 787p.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	1100	166	4	185	4	240	—	1262p
BP	1150	118	6	145	—	—	—	"
BP	1200	68	21	122	—	168	—	"
BP	1400	10	—	62	7	120	1	"
Cons. Gold	200	27	4	37	—	47	—	224p
Cons. Gold	220	7	—	22	20	43	—	"
Cons. Gold	240	2	—	14	11	24	12	"
GEC	330	24	—	46	5	60	—	352p
GEC	390	1½	—	15	—	34	8	"
Grand Met.	138	7½	1	15½	—	25	—	142p
Grand Met.	158	1	3	7	—	14	—	"
ICI	330	7	10	21	—	31	—	330p
ICI	390	½	—	3	4	9	5	"
Land Secs.	260	41	—	51	5	—	—	299p
Land Secs.	280	21	2	37	—	47	—	"
Land Secs.	300	6	45	25	—	39	—	"
Land Secs.	330	¾	—	12	5	25	—	"
Marks & Sp.	100	13	—	17	4	—	—	112p
Marks & Sp.	110	5	2	11	—	15	—	"
Marks & Sp.	120	1½	5	8	2	11	—	"
Marks & Sp.	130	½	2	4	—	8	—	"
Shell	350	19	—	40	5	48	—	373p
Shell	375	8	—	25	1	37	—	"
Shell	400	2	1	17	—	25	3	"
Totals			106		67		27	
		August		November		February		
EMI	100	15	5	18	—	24	—	106p
Imperial Gp.	100	3½	1	6½	—	10	—	98p
Imperial Gp.	110	1	—	4	50	—	—	"
RTZ	280	13	—	25	3	36	—	274p
RTZ	300	6	1	20	—	28	2	"
RTZ	330	2	—	11	—	20	6	"
Total			7		53		8	

FINANCIAL TIMES STOCK INDICES

—	July 9	July 6	July 5	July 4	July 3	July 2	A year ago
Government Secs.	73.08	73.57	73.48	73.43	73.18	72.28	70.26
Fixed Interest	74.75	74.87	74.89	74.84	74.57	73.36	71.59
Industrial	468.7	471.0	467.7	473.9	479.5	475.1	465.5
Gold Mines	163.0	167.9	163.2	157.6	159.6	161.9	158.2
Gold Mines(Ex-$ pm)	152.5	157.9	153.3	149.4	149.1	150.6	103.7
Ord. Div. Yield	6.70	6.67	6.03	5.97	5.88	5.93	5.69
Earnings, Yld. % (full)	16.80	16.72	16.69	16.53	16.28	16.38	17.27
P/E Ratio (net) (*)	7.53	7.56	7.60	7.67	7.79	7.79	7.70
Total bargains	16,217	15,204	17,133	18,082	19,293	17,997	—
Equity turnover £m	—	78.61	86.23	94.15	86.46	81.09	80.19
Equity bargains total	—	10,680	12,058	13,952	12,519	12,127	19,644

10 am 471.1, 11 am 471.5, Noon 470.8, 1 pm 469.7, 2 pm 469.8, 3 pm 469.6.

Latest Index 01-246 8026.

* Nil=7.22.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity, July-Dec. 1942.

HIGHS AND LOWS

—	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/6)	66.03 (15/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	208.4 (6/6)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$pm)	169.5 (6/6)	96.2 (2/11)	337.1 (3/4/74)	54.3 (25/6/75)

S.E. ACTIVITY

	July 9	July 6
—Daily		
Gilt Edged	143.4	150.5
Industrials	121.9	120.0
Speculative	38.4	30.3
Totals	84.1	82.4
5-d'y Av'r'ge		
Gilt Edged	158.4	159.3
Industrials	131.1	132.9
Speculative	29.8	25.9
Totals	91.9	92.8

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
Barclays Bank	£1	14	463	−9	514	360
ICI	£1	10	330	−2	415	330
Amal. Distilled Products	10p	8	54	+6	56	29
GEC	25p	8	351	−2	456	311
Oil Exploration	10p	8	314	−8	336	210
Commercial Union	25p	7	146	−4	155	139
RTZ	25p	7	274	+4	362	226
Beecham	25p	6	525	−2	755	522
BP	£1	6	1,265	+10	1,295	882
Courtaulds	25p	6	88	−1	122	86
Mallinson-Denny	25p	6	66½	+3½	74½	45½
Marks & Spencer	25p	6	111	−3	134	83
Midland Bank	£1	6	370	−12	455	348
P & O Defd.	£1	6	96	+3	104	71
Whessoe	25p	6	136	+1	140	85

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 10	July 23	Oct. 4	Oct. 16
July 24	Aug. 6	Oct. 18	Oct. 30
Aug. 7	Aug. 20	Nov. 1	Nov. 13

For rate indications see end of Share Information Service

Calls were done in Grand Met., Ladbroke, Mallinson-Denny, Premier Oil, Town and City, Swire Pacific A, Spillers, Burmah, Brent Chemicals, *Hongkong Land*, Tate and Lyle and UK Properties. No puts were reported, while doubles were arranged in Ladbroke Warrants and *Premier Oil*.

APPOINTMENTS

Hawker Siddeley executives

Mr. A. H. H. Young has been appointed chairman of CROMPTON PARKINSON VIDOR, a Hawker Siddeley company. He joined Crompton Parkinson Limited in 1961 and became a managing director in 1968. Since 1974 he has held the position of chairman of Crompton Parkinson Cables. Mr. Young is also a director of various other subsidiary Crompton Parkinson companies. **Mr. R. Lockwood-Taylor** *has been made marketing* director of S. G. Brown, a member company.

★

***Mr. T. S. Braybrooke**, managing* director of Chubb Fire Security, has been appointed chairman of the DESIGN COUNCIL judging panel, for engineering products, for the 1980 awards. Mr. Braybrooke is also chairman of Chubb Electronics and deputy managing director of Chubb and Son.

★

Mr. Peter Rowley has been appointed managing director of HARDALL in succession to **Mr. Tom Smalley** who, on reaching retirement age, is to continue as a director. The com*pany is a subsidiary of Percy* Lane Group.

★

Mr. Nate Wolfstein, managing director of RIKER LABORATORIES in this country for the past three years, has returned to the U.S. to take up his new position as vice-president and managing director of Armorlite Inc. His replacement at Riker Laboratories is **Mr. John Preiss**, who has been managing director *of the Riker subsidiary in* Australia since its formation. The companies are members of the 3M group.

★

Mr. M. J Carpenter has joined the London branch of BANQUE CANADIENNE NATIONALE as business development manager. Mr. Carpenter was formerly an assistant manager with Antony Gibbs and Sons.

★

Mr. R. I. Jackson has been appointed group company secretary for NEEPSEND.

★

Mr. Anthony J. Wain has been appointed group financial controller of VALOR.

★

Mr. W. R. Adams, Jr. has been named executive vice-president of INSCO, the insurance subsidiary of Gulf Oil Corporation. He will also serve as executive vice-president of several of Gulf's other subsidiaries in Hamilton, Bermuda.

★

Mr. Rodney E. Broomfield and **Mr. J. A. Davenport** have been appointed to the group Board of the WILLIAM BOULTON GROUP. Mr. Broomfield has become assistant managing director. Mr. Davenport has been with the group since 1972 as group accountant and Mr. Broomfield had been a director of Gresham Trust since 1971.

★

Mr. J. M. Berridge, Mr. G. Galea and **Mr. M. G. Herring** have been appointed directors of ALEXANDER HOWDEN INSURANCE BROKERS.

★

Mr. Vivian Stokes has been appointed a non-executive director of HENRY VENABLES. Mr. Stokes has been advising the Board on financial and policy matters for several years.

★

Mr. R. Alan Forrest, group vice-president European operations, the STANLEY WORKS, has been appointed group vice-president international operations and is to move to the U.S. *in October, 1979. He joined* Stanley as director of European operations in 1972 and was elected a vice-president in 1974. *Mr. Forrest is to be succeeded* in London as director European operations by **Mr. John Hargreaves**, previously general manager of Ferramentas Stanley SA Brazil.

Mr. Alan Forrest

★

Mr. Anthony C. Brown has been appointed to the Board of STAG FURNITURE HOLDINGS from July 12. Mr. Brown is at present managing director of Meredew Furniture, which was acquired by the Stag group in 1978.

★

Mr. Keith D. Oldfield has been appointed vice-president and general manager of the TEXAS COMMERCE BANK, London branch. He succeeds **Mr. M. Robert Dussler Jr.**, who is returning to the head office in Houston.

★

Sir John Rodgers, former Conservative MP for Sevenoaks and *deputy chairman of J.* Walter Thompson, has been appointed chairman of RADIO LUXEMBOURG (LONDON), succeeding **Mr. M. R. Belin**, chairman of the company since its inception in 1947.

★

PRICE WATERHOUSE AND CO. states that the names of **Mr. Martin Lyne**, **Mr. Anthony Martin** and **Mr. Ian Rickword**, all resident in London, were inadvertently omitted from its list of new admissions to the partnership, reported on July 7.

★

Mr. Brian Boocock, previously marketing director of SYNTHETIC RESINS, has been appointed managing director in succession to **Mr. G. E. Emerson**.

★

Mr. David Luscombe, managing director of Sesco (Security) (Pty), South Africa, has been appointed to the Board of SESCO HOLDINGS, the UK parent company. **Mr. Ray Arnold** has become a non-executive director of the South African concern.

★

Burmah Engineering Group has appointed **Mr. David Percy** as chairman, managing director and *chief executive of J. H.* CARRUTHERS AND CO. in succession to **Mr. Bill Cowan**, who is retiring.

★

Mr. Anthony Deakin, senior mining engineer in the NATIONAL COAL BOARD'S North Derbyshire area, has been appointed the NCB's director of production and productivity. He succeeds **Mr. Leonard Harris**, who has become deputy director (mining), South Midlands area.

★

Mr. James M. Dalgleish has been appointed general secretary of the BRITISH TRANSPORT OFFICERS' GUILD. **Mr. J. C. Rogers** has become assistant secretary and **Mr. H. Haydon**, treasurer.

★

Mr. F. R. Wales, who became managing director of CANNON ASSURANCE *in April, has* relinquished his position as the company's appointed actuary and has been succeeded by **Mr. S. T. Meldrum**.

★

Mr. Ralph Hayward has been appointed sales and marketing director of COOLAG, a member of the Tarmac group. *He* was formerly with UBM group as sales director at Hills Glass and Windows.

★

Mr. R. H. Robinson, managing director of Edwards High Vacuum International, has been elected president of the SCIENTIFIC INSTRUMENT MANUFACTURERS' ASSOCIATION.

★

Mr. R. M. O. *Stanley* has been appointed a director of UK PROVIDENT.

★

Mr. Alistair Reeve has joined the Board of RHB PRECISION, an associated company of RH Nameplates.

★

Mr. G. D. Rooney, *Middlesbrough* area director of NATIONAL WESTMINSTER BANK since 1978, has been appointed area director at Coventry. He succeeds **Mr. Jack Hill**, who retires at the end of July.

★

Mr. J. B. Watts has been appointed chief accountant at BRITISH RAILWAYS BOARD headquarters in place of **Mr. E. Garner**, who has retired.

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (13)

COMMONWEALTH AND AFRICAN LOANS (1)
New Zealand 6pc '76-80

BEERS (1)
Amal. Dist. Products

BUILDINGS (1)
Rowlinson

STORES (2)
[illegible]

INSURANCE (3)
Brentnall Beard, Willis Faber, Sedgwick Forbes

MOTORS (1)
Hartwells

NEWSPAPERS (1)
Collins (Wm.) 'A'

PAPER (1)
DRG

TEXTILES (2)
Carrington Viyella, Coats Patons

[illegible]

NEW LOWS (46)

[illegible]

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	10
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	50
Industrials	[illegible]	[illegible]	931
Financial and Prop.	[illegible]	[illegible]	394
Oils	[illegible]	[illegible]	16
Plantation	[illegible]	[illegible]	21
Mines	[illegible]	[illegible]	80
Others	[illegible]	[illegible]	44
Totals	[illegible]	[illegible]	1,466

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. [illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Mon., July 9, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., July 6 Index No.	Thurs., July 5 Index No.	Wed., July 4 Index No.	Tues., July 3 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	243.07	−0.3	17.68	5.79	7.37	243.73	240.73	244.66	246.34	212.46
2	Building Materials (27)	223.80	−0.5	18.08	5.82	7.29	224.90	225.76	228.32	229.18	188.83
3	Contracting, Construction (28)	361.15	−0.1	25.27	5.78	4.95	361.44	361.76	365.35	366.04	336.74
4	Electricals (14)	574.63	−0.3	13.43	3.90	10.26	576.48	568.95	583.52	594.91	463.13
5	Engineering Contractors (12)	375.77	−0.2	19.29	6.20	6.64	376.55	376.63	384.88	380.29	319.91
6	Mechanical Engineering (75)	180.15	−0.1	18.33	6.28	7.06	180.30	179.87	182.80	183.61	170.00
8	Metals and Metal Forming (16)	165.55	−0.4	19.49	9.05	6.40	166.27	165.46	166.07	165.73	159.67
	CONSUMER GOODS										
11	(DURABLE) (52)	226.63	−0.1	15.55	4.92	8.39	226.85	226.60	230.29	230.88	196.05
12	Lt. Electronics, Radio, TV (16)	309.00	—	12.11	3.71	11.59	309.13	309.76	315.41	315.73	234.17
13	Household Goods (12)	158.80	−0.3	18.92	7.06	6.52	159.32	159.01	160.57	158.97	174.85
14	Motors and Distributors (24)	115.96	−0.2	22.50	7.15	5.40	116.16	115.25	116.77	117.82	122.22
	CONSUMER GOODS										
21	(NON-DURABLE) (171)	232.49	−0.4	16.43	5.85	7.70	233.32	232.26	235.40	236.61	199.31
22	Breweries (14)	274.91	−0.1	16.23	5.49	7.28	275.30	275.49	277.74	275.64	219.26
23	Wines and Spirits (6)	303.95	−0.2	15.31	4.73	9.52	304.61	304.81	306.58	305.87	258.03
24	Entertainment, Catering (17)	313.03	−0.9	15.89	6.48	8.29	315.80	314.09	318.37	321.43	250.37
25	Food Manufacturing (19)	201.84	+0.2	19.56	6.34	6.35	201.42	200.34	204.26	208.66	195.61
26	Food Retailing (15)	293.98	—	11.94	4.05	10.41	293.83	293.56	298.85	298.46	204.04
32	Newspapers, Publishing (12)	422.48	−0.8	22.11	6.89	6.42	425.72	425.33	429.57	431.05	398.41
33	Packaging and Paper (15)	125.51	−0.8	23.42	8.88	5.53	126.56	126.47	128.64	129.99	131.97
34	Stores (41)	237.17	−1.2	11.90	4.13	11.23	240.00	238.52	241.16	240.75	182.35
35	Textiles (23)	158.10	−1.2	22.87	9.62	5.57	160.07	159.25	160.76	162.57	173.39
36	Tobaccos (3)	240.19	+2.1	23.24	8.93	4.96	235.16	232.01	237.14	241.64	237.94
37	Toys and Games (6)	70.62	−0.5	32.25	9.28	3.72	70.98	71.51	72.42	71.17	107.50
41	OTHER GROUPS (99)	199.09	−0.6	16.08	6.18	7.67	200.33	200.81	202.63	204.48	194.06
42	Chemicals (18)	272.40	−0.9	18.63	6.94	6.27	274.83	276.69	278.83	284.12	277.62
43	Pharmaceutical Products (7)	214.15	−0.6	13.17	5.10	9.28	215.44	215.72	218.89	222.73	256.86
44	Office Equipment (6)	119.42	+0.5	17.16	6.58	7.35	118.87	118.73	119.54	121.10	129.19
45	Shipping (10)	458.47	+0.9	10.25	6.54	13.06	454.41	449.30	452.91	455.83	403.73
46	Miscellaneous (58)	241.85	−0.9	16.17	5.92	7.99	243.96	244.52	246.51	245.71	200.09
49	INDUSTRIAL GROUP (494)	233.18	−0.4	16.59	5.84	7.66	234.06	233.46	236.58	238.07	207.82
51	Oils (6)	682.91	+0.4	11.55	4.95	9.21	679.88	676.57	667.67	693.82	491.01
59	500 SHARE INDEX	269.24	−0.2	15.65	5.67	7.90	269.84	269.03	271.31	274.63	231.24
61	FINANCIAL GROUP (116)	191.48	−1.6	—	5.30	—	194.63	192.34	194.70	194.83	159.59
62	Banks (6)	236.98	−2.4	28.10	4.90	4.60	242.71	239.70	242.91	240.26	181.02
63	Discount Houses (10)	266.20	—	—	6.89	—	266.20	266.20	266.95	271.93	200.83
64	Hire Purchase (5)	164.55	−1.6	20.19	5.28	6.38	167.27	164.85	169.68	172.11	142.08
65	Insurance (Life) (10)	152.42	−1.2	—	6.67	—	154.28	150.15	154.37	155.62	132.50
66	Insurance (Composite) (8)	124.72	−2.3	—	7.24	—	127.69	124.75	125.93	127.51	122.42
67	Insurance Brokers (10)	249.94	−0.7	20.10	7.35	7.12	251.65	252.39	257.38	261.63	333.01
68	Merchant Banks (14)	97.32	−0.3	—	5.65	—	97.97	98.44	98.44	99.83	76.50
69	Property (43)	352.67	−1.0	3.02	2.50	50.63	356.12	354.25	355.76	354.10	290.83
70	Miscellaneous (10)	117.86	−0.9	15.79	7.57	8.12	118.98	119.51	121.22	121.31	105.61
71	Investment Trusts (110)	208.79	−0.1	—	5.34	—	209.07	209.17	208.43	208.74	216.29
81	Mining Finance (4)	119.90	+0.3	16.38	6.30	7.39	119.51	118.37	119.63	120.58	100.30
91	Overseas Traders (20)	337.18	−0.3	15.95	7.36	7.60	338.05	338.77	344.45	350.58	334.18
99	ALL-SHARE INDEX (750)	246.76	−0.5	—	5.64	—	247.89	246.81	249.81	251.35	213.19

FIXED INTEREST PRICE INDICES

	British Government	Mon., July 9	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	[illegible]	[illegible]	[illegible]	[illegible]
2	5-15 years	[illegible]	[illegible]	[illegible]	[illegible]
3	Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]
5	All stocks	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.

			Mon., July 9	Fri., July 6	Year ago (approx.)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

		Monday, July 9 Index No.	Yield %	Fri., July 6	Thurs., July 5	Wed., July 4	Tues., July 3	Mon., July 2	Fri., June 29	Thurs., June 28	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	US$7.79		.....	—

Net asset value July 2.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Gilt Edg.Fd.	£12.78	12.81	.....	12.05

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

Cap. Tst. (Jersey)	123.0	127.0	+4.0	7.94
Next dealing July 16				
Gov't Secs. Tst.	94.5	98.0	+1.0	12.76
Next dealing July 16.				
East &Intl.Tst.(CI)	100	107	.....	3.50
Next dealing date July 12.				

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127 Kent St., Sydney

US$1 Shares	$US1.48		.....	—

Net asset value November 24.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	109.25	109.81xd	+6.6	8.42

Prices at July 5. Next sub. day July 11.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund	$US58.71	60.52	–0.16	8.05

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806

Barb. Int. Fund	85.3	89.4xd	.....	5.00

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Overseas Income	46.0	48.4xd	.....	12.70
Unidollar Trust	$US11.67	12.27	.....	1.66
Unibond Trust	US$98.28	99.22	.....	9.00

1, Thomas St., Douglas, Isle o Man. 0624 4856

Unicorn Aust. Ext.	40.2	43.3xd	.....	2.10
Do. Aust. Min.	29.8	32.1	.....	1.80
Do. Grtr. Pacific	65.7	70.7	.....	—
Do. Intl. Income	35.6	38.3	.....	9.20
Do. Isle of Man Tst.	46.0	49.5xd	.....	9.10
Do. Manx Mutual	25.8	27.8	.....	1.80

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M. 0624-23911

ARMAC *June 4	$US39.18	42.35	.....	—
CANRHO **July 2	£0.875	0.928	–0.027	—
COUNT **July 2	£2.658	2.819	–0.298	1.86

Originally issued at *$10 and **£1. Next val. Aug. 6.

Bishopsgate Progressive—Ldn. Agents
9, Bishopsgate, EC2N 3AD 01-588 6280

BNAUT Inc. June 27.	$US2.82	2.98	.....	—
BNASF June 28	100.0	107.04	.....	—

Bridge Management Ltd.
GPO Box 590, Hong Kong

N'bashi June 30	Y16,560		.....	—
Nippon Fd. July 4	US$16.66	17.42xd	.....	0.95

Britannia Tst. Mngmt. (C.I.) Ltd.
30 Bath St., St. Helier, Jersey. 0534 73114

Sterling Denominated Fds.

Growth Invest	37.9	41.0xd	.....	4.50
Far East & Int.Fd.	73.8	79.8	.....	1.00
Jersey Energy Tst.	164.8	178.2	.....	1.50
Univsl. $ Tst. Stg.	£2.34	2.46	.....	1.00
High Int.Stg.Tst.	£0.95	0.98xd	.....	12.20

U.S. Dollar Denominated Fds.

Univsl. $ Tst.	US$6.30	6.63	.....	—
Int.High Int. Tst.	US$0.98	1.01xd	.....	8.9

Value July 6. Next dealing July 16.

Brown Shipley Tst. Co. (Jersey) Ltd.
P.O. Box 583, St. Helier, Jersey. 0534 74777

Stlg. Bd. Fd. (h)	£10.31	10.30xd	–0.07	12.15

Butterfield Management Co. Ltd.
P.O. Box 195, Hamilton, Bermuda.

Buttress Equity	$US2.63	2.72	.....	1.77
Buttress Income	$US2.09	2.16	.....	8.79

Prices at June 11. Next sub. day July 9.

Capital International S.A.
37 rue Notre-Dame, Luxembourg.

Capital Int. Fund	$US18.90		+0.17	—

Kemp-Gee Managemt. Jersey Ltd.
1 Charing Cross, St. Helier, Jersey. 0534 73741

Capital Fund	116.3	119.9	.....	—
Income Fund	64.4	66.5	.....	9.39
Gilt Bond	£1,015	1,069	.....	—

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070

Fonselex	Fr1,305	1,436	.....	2.40
Bondselex	117.00	122.80	.....	2.40
Central Assets	£147.57	147.63	+0.15	—

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Gnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	9.50	9.55xd	.....	11.75
Gilt Trust (I.o.M.)	108.4	111.2	+0.7	11.75
Gilt Fnd. Guernsey	10.01	10.04	.....	11.75

Intl. Govt. Secs. Tst.

First Sterling	£21.04	21.17	.....	—
First Intl.	$US233.19	234.09	.....	—

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000

Eurinvest.	LF1,118		–5	4.29
Guernsey Inc.	67.0	71.0	.....	4.61
Do. Accum.	85.2	90.2	.....	4.61
KB Far East Fd.	US$13.16d		.....	2.28
KB Gilt Fund	£10.81	10.89xd	.....	11.00
KB Intl. Fund	$US12.48		.....	2.26
KB Japan Fund	US$32.37		.....	0.92
K.B. U.S. Gwth. Fd.	US$13.77		.....	1.45
Signet Bermuda	$US5.28d		0.03	1.89
K. B. Int. Bd. Fd.	$101.23xd		.....	8.20

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561

Lloyds Tst. O'seas	52.1	54.8	.....	2.75
Next dealing July 16.				
Lloyds Trust Gilt	10.23xd	10.23	.....	12.00
Next dealing July 11.				

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)

Lloyds Int. Growth	SF333.50	357.0	.....	1.20
Lloyds Int. Income	SF292.0	303.0	.....	5.30

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588

Atlantic July 3	US$3.56	3.89	.....	—
Aus. Ex. July 4	US$2.80	3.14	.....	—
Gold Ex.Acc.	US$18.14	19.98	.....	—
Island	140.4	149.4	.....	13.96
(Accum Units)	204.4	217.5	–0.1	13.96

Midland Bank Tst. Corp. (Jersey) Ltd.
28-34, Hill St., St. Helier, Jersey. 0534 36281

Midland Drayton Gilt.	102.0	102.6	.....	11.53

Samuel Montagu Ldn. Agents
114, Old Broad St., EC2. 01-588 6464

Apollo Fed. June 29	SF43.75	47.45	.....	2.92
Japfest June 29	HK$12.92	14.00	.....	1.37
117 Group June 27	$US11.18	12.20	.....	2.29
117 Jersy June 29	£5.07	5.47	.....	0.73
117 Jsy. O's June 20	£7.47	7.87	.....	—

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521

*Hope St. Fd.	$US32.87		.....	—
*Murray Fund	$US12.64		.....	—

*NAV June 15.

Nat. Westminster Jersey Fd. Mgrs. Ltd.
45 La Motte St., St. Helier, Jersey 0534 36241

High Income Fund	50.5	52.0	.....	—
Equity Fund	49.0	51.0	.....	—

Negit S.A.
10a Boulevard Royal, Luxembourg

NAV July 6	US$12.32		+0.17	—

Negit Ltd.
Bank of Bermuda Bldgs., Hamilton, Brmda.

NAV June 22	£4.14		.....	—

Pacific Basin Fund
10a Boulevard Royal, Luxembourg.

NAV July 9	US$10.23		–0.01	—

Phoenix International
PO Box 77, St. Peter Port, Guernsey

Inter-Dollar Fund	US$2.42	2.61	.....	—

Providence Capitol Life Ass. (C.I.)
PO Box 121, St Peter Port, Guernsey 0481 26726/9

Sterling Bond Fd.	51.1	53.7	.....	—
Sterling Equity Fd.	51.5	54.2	.....	—

[illegible]

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LOANS

Public Board and Ind.

Financial

1979 High	Low	Stock	Price £	+ or −	Int.	Red. Yield
107	100	Do. 14pc '79	101		14.24	—
108¾	98¼	Do. 14pc '83	103¾	−¼	13.50	12.84
86½	77½	ICFC 5½pc Deb. '80-82	85		6.61	12.00
85	71½	Do. 6¼pcDb. '81-84	78½	−1	8.08	12.10
99	84½	Do. 10½pc Uns.Ln. '86	92½xd		11.35	12.20
99	84½	Do. 11pc Uns.Ln. '88	92½xd		11.89	12.30
101½	84	Do. 11¼pc Uns.Ln. '90	95xd		12.36	12.60
72½	57	Do. 7¼pcADeb. '89-92	66½		10.90	12.40
69	53½	Do. 7¼pcA Db. '91-94	66½		11.30	12.60
81½	64½	Do. 9pc 'A' '91-94	78½		11.90	12.60
78½	62½	Do. 8⅞pcLn. '92-97	77		12.14	12.50
101	95½	Do. 12½pc. Uns. Ln. 1992	100		12.88	12.90

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AMERICANS

S.E. List Premium 64⅝% (based on US$2.2010 per £)
Conversion factor 0.9958 (0.9407)

CANADIANS

S.E. List Premium 64⅝% (based on $2.5508 per £)

BANKS AND HIRE PURCHASE

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
£121	£70	Deutsche Bank DM50	£70		Q18%	—	[illegible]	—
90	63	F. C. Finance	65	−5	2.2	4.9	4.8	6.0
8¼	5¼	First Nat. 10p	6¼		—	—	—	0.5
4	2	Do. Wrrts. 75-83	2¼		—	—	—	—
16¼	13¼	Fraser Ans. 10p	13¼	−¼	—	—	—	—
266	178	Gerrard Natnl.	263		9.12	—	5.0	—
62	39	Gibbs (A.)	41		2.2	—	7.7	—
270	217	Gillett Bros. £1	262		16.95	—	9.2	—
29	19	Goode D't Mry. 5p	21	−1	0.25	—	1.7	—
153	116	Grindlays	116	−5	3.07	7.5	3.8	3.6
120	96	Guinness Peat	97	+1	H5.67	—	8.4	—
330	173	Hambros	305xd		10.92	—	5.1	—

BANKS & HP—Continued

Hire Purchase, etc.

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MINES—Continued

AUSTRALIAN

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
14	9	Acmex	12½	......	—	—	—
171	102	Bougainville 50 Toea	108	+1	Q15c	1.0	7.1
140	84	BH South 50c	85	+1	—	—	—
860	340	Central Pacific	820	−10	—	—	—
318	182	Conzinc Riotinto 50c	186	......	¶Q10c	2.0	3.1
36	16	Cultus Pacific N.L.	19	......	—	—	—
21½	11	Endeavour 20c	13	+½	—	—	—
98	62	G.M. Kalgoorlie $1	84	+1	Z03c	—	1.8
42	23	Haoma Gold N.L.	26	......	—	—	—
200	148	Hamptn Areas 5p	200	+16	♦t3.55	2.0	2.5
71½	25	Metals Ex. 50c	40	+1	—	—	—
275	168	M.I.M. Hldgs. 50c	170	+1	†Q9c	1.7	2.7
15	15	Minefields Expl.	15	......	—	—	—
74	38	Mount Lyell 25c	38	......	—	—	—
44	15	Newmetal 20c	16	......	—	—	—
141	91	North B. Hill 50c	91	......	†Q8c	1.3	4.5
22	11	Nth. Kalgurli	14	......	—	—	—
40	22	Nth. West Mining	26	......	—	—	—
137	84	Oakbridge $A1	84	−1	Q12c	1.9	7.5
37	22	Oilmin N. L.	36	......	—	—	—
120	58	Pacific Copper	64	......	—	—	—
£10¾	625	Pancont'l 25c	787	+22	—	—	—
25¾	15½	Paringa M&Ex.5p	20	−1	—	—	—
510	268	Peko-Wallsend 50c	298	+8	Q15c	3.3	2.6
340	145	Southern Pacific	325	......	—	—	—
188	121	Westn. Mining 50c	127	+1	†Q3c	0.7	1.2
11	9	Westmex	10	......	—	—	—
65	50	Whim Creek 20c	50	......	—	—	—
25	13	York Resources	13	......	—	—	—

TINS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	26	......	2.81	1.3	15.4
435	265	Ayer Hitam $M1	290	......	Q300c	0.5	22.2
72	51	Beralt Tin	52	......	4.0	3.3	11.0
270	175	Berjuntai $M1	175	......	†Q110c	1.0	15.4
160	125	Geevor	125	−2	8.71	3.1	10.0
10½	8	Gold & Base 12½p	9½	......	—	—	—
365	295	Gopeng Cons.	330	−5	†18.0	1.4	7.8
370	295	Hongkong	320	......	†12.5	2.8	5.6
98	64	Idris 10p	87	......	8.0	ϕ	13.7
14	9½	Jantar 12½p	10	......	—	—	—
95	58	Kamunting $M0.50	63	......	†Q12.5c	2.1	4.3
620	210	Killinghall $M1	350	......	—	—	—
465	365	Malay Dredging $M1	375	......	†175c	0.7	1.7
57	28	♦Pahang	28	......	—	—	—
123	60	Pengkalen 10p	105	+2	4.5	1.2	6.4
275	200	Petaling $M1	200	......	†Q120c	1.3	12.9
85	65	Saint Piran	65	−1	†2.03	6.5	4.5
58	45	South Crofty 10p	45	−2	†4.19	2.0	13.3
230	170	South Kinta $M0.50	170	......	†Q145c	0.6	18.3
405	285	Sthn Malayan $M1	335	......	†Q190c	1.0	12.2
310	210	Sungei Besi $M1	255	+5	rrQ65c	5.3	5.5
75	48	Supreme Corp. $M1	48	......	Z010c	—	4.5
105	94	Tanjong 15p	95xd	......	7.5	ϕ	11.3
115	90	Tongkah H. Tin	90	......	†Q24c	0.7	6.0
280	190	Tronoh $M1	190	......	Q25c	5.2	3.0

COPPER

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
111	56	Messina R0.50	66	......	—	—	—

MISCELLANEOUS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
81	54	Barymin	65	......	—	—	—
13½	10	Burma Mines 17½p	12	......	—	—	—
345	170	Cons. Murch. 10c	265xd	......	Z030c	—	6.8
410	325	Northgate C$1	340	+5	—	—	—
362	226	R.T.Z.	274	+4	11.5	2.7	6.0
31	18	Robert Mines	29	......	—	—	—
65	34	Sabina Inds. C$1	35	−1	—	—	—
880	575	Tara Expln. $1	575	−12	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
$17½	$10½	Buffels R1	$15⅞	−⅞	Q200c	ϕ	15.7
$15½	890c	East Drie R1	$13⅝xd	−⅞	†Q115c	1.6	10.2
$10¼	350c	East Rand Prp. R1	$10	−¼	†Q10c	—	1.2
$27½	$18¼	F.S. Geduld 50c	$27¼	−¼	†Q315c	2.4	14.0
£19⅝	$11½	Pres. Brand 50c	$19¼	−⅝	†Q150c	3.2	9.4
$18⅝	$10¼	St. Helena R1	$16⅞	−⅝	†Q190c	1.4	13.6
760c	407c	Stilfontein 50c	683c	−10	†Q66c	ϕ	11.7
$34½	$18¼	Vaal Reefs 50c	$34⅜	−⅛	Q280c	2.7	9.9
$50¼	$28⅜	West Drie R1	$47xd	−½	Q615c	1.7	15.8
$35⅜	$22¼	West Hldgs. 50c	$34¼	−½	†Q415c	1.4	14.7
$16¼	$10⅝	Western Deep R2	$16½	−¼	Q147½c	2.1	10.8

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✤ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......	Sindall (Wm.)	148	......
Bertam	25	......	**IRISH**		
Bdg'wtr. Est. 50p	405	......	Conv. 9% '80/82	£87⅞	......
Clover Croft	28	......	Nat. 9¾% 84/89	£71⅝	......
Craig & Rose £1	£11½	......	Fin. 13% 97/02	£85	+⅛
Dyson (R. A.) A	26	......	Alliance Gas	62	......
Ellis & McHdy	68	......	Arnott	370	......
Fife Forge	54	......	Carroll (P.J.)	105	−1
Finlay Pkg. 5p	20	......	Clondalkin	82	......
Graig Ship. £1	305	......	Concrete Prods.	90	......
Higsons Brew	78	......	Heiton (Hldgs.)	80	......
Holt (Jos) 25p	260	......	Ins. Corp.	217	......
I.O.M. Stm. £1	168	......	Irish Ropes	87½	......
Pearce (C. H.)	240	......	Jacob	42	......
Peel Mills	30	......	T.M.G.	190	......
Sheff. Refrshmt	90	......	Unidare	83	......

OPTIONS

3-month Call Rates

Industrials		I.C.I.	24	Tube Invest.	30
A. Brew	9	"Imps"	8	Unilever	55
BOC Intl.	6	I.C.L.	55	U.D.T.	5
B.S.R.	7	Inveresk	7	Utd. Drapery	10
Babcock	18	KCA	5	Vickers	18
Barclays Bank	32	Ladbroke	22	Woolworths	7½
Beecham	52	Legal & Gen.	14		
Blue Circle	18	Lex Service	11	**Property**	
Boots	18	Lloyds Bank	25	Brit. Land	7½
Bowaters	18	"Lofs"	5	Cap. Counties	9
B.A.T.	28	London Brick	7	Land Secs.	25
Brown (J.)	55	Lonrho	8	MEPC	17
Burton 'A'	26	Lucas Inds.	25	Peachey	13
Cadburys	7	"Mams"	18	Samuel Props.	14
Courtaulds	10	Mrks. & Spncr	11	Town & City	2¾
Debenhams	8	Midland Bank	30		
Distillers	21	N.E.I.	14	**Oils**	
Dunlop	6½	Nat. West. Bank	26	Brit. Petroleum	100
Eagle Star	14	Do. Warrants	15	Burmah Oil	13
E.M.I.	12	P & O Dfd.	10	Charterhall	5
Gen. Accident	21	Plessey	10	Premier	5
Gen. Electric	35	R.H.M.	5	Shell	25
Glaxo	50	Rank Org.	25	Ultramar	25
Grand Met.	14	Reed Intnl.	18		
G.U.S. 'A'	30	Sears	5½	**Mines**	
Guardian	24	Spillers	4½		
G.K.N.	28	Tesco	7	Charter Cons.	16
Hawker Sidd	26	Thorn	35	Cons. Gold	30
House of Fraser	18	Trust Houses	17	Rio T. Zinc	27

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday July 10 1979

Inland Revenue to study leasing

BY DAVID FREUD

THE INLAND REVENUE is to launch a study into the rapidly growing leasing industry, with a view to curbing what it considers areas of tax avoidance.

In the last few years the leasing market has expanded extremely fast. Some estimates now put annual turnover at £2bn.

The feeling in the Revenue *is that about 15 per cent of* this activity is motivated solely *by the desire to reduce tax bills.*

The Revenue has taken an *increasingly aggressive attitude* to avoidance in recent years, *culminating in retrospective* legislation in last year's Finance Act *against* a particular avoidance scheme.

It feels that a considerable proportion of people who have been deterred from using new schemes because of the retrospective precedent are directing their interests to leasing.

In practice it is likely to be extremely difficult to isolate companies and individuals which become lessors purely to save tax.

Individual lessors are likely to be far more vulnerable than companies to any future change in the law.

The leasing industry will be subject to much closer surveillance from the Bank of England than in the past, according to a recent speech by the Governor.

It could also be affected in the slightly longer-term by the Government's plans to introduce current cost accounting for tax *purposes.*

John Hunt, Parliamentary Correspondent, writes: Mr. Peter Rees, Minister of State at the Treasury, last night confirmed that the Government is examining the schemes which provide company "perks" for middle and top management, with an eye to introducing tighter controls.

He appealed to employers to take voluntary action to end such practices.

"Certainly this administration does not regard the system of perks as an attractive one," he told the Commons. "They do not regard it as one that can *be ignored.*

"In an ideal regime the practices *should be done away* with. I hope very much the *employers will revert to the old* tradition of paying people in cash and not in kind."

Mr. Rees did not go into detail, but it is understood the Treasury is looking into the large-scale growth of benefits in kind, particularly company cars. The Government believes that now income tax rates have been reduced, there is no longer any justification for such practices.

Parliament Page 9
Feature Page 23

Weather

UK TODAY

DRY with some sunshine.

London, S.E. and Cent. S., S.W., Cent. N., N.E. England, Midlands, Channel Is.

Dry, some sunshine. Max. 23C (73F).

N.W. England, Wales, Lakes, Isle of Man, Borders, Edinburgh, Aberdeen, Cent. Highlands, N. Ireland

Mostly dry, Bright intervals. Max. 18C (64F).

Rest of Scotland

Cloudy. Rain at times. Max. 14C (57F).

Outlook: Dry, warm. Sunny intervals.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	26	79	Locarno	F	26	79
Algiers	S	25	77	London	C	20	68
Amsdm.	S	17	63	Los Ang.	F	31	88
Athens	F	27	81	Luxor	S	37	99
Bahrain	C	37	99	Madrid	S	34	93
Barclna.	S	26	79	Majorca	S	31	88
Beirut	F	28	82	Malaga	S	27	81
Belfast	C	16	61	M'chstr	C	16	61
Belgrd.	C	20	68	Melbne.	C	12	54
Berlin	R	14	57	Mex. C.	F	27	81
Biarritz	S	25	77	Milan	F	26	79
Bmghm.	C	17	63	Mntreal.	F	27	81
Blackpl.	F	15	59	Moscow	C	23	73
Bordx.	S	29	84	Munich	R	14	57
Boulgn.	Fg	15	29	Nairobi	S	20	69
Bristol	C	18	64	Naples	C	26	79
Brussels	R	17	63	Nwcstl.	C	15	59
Budpst.	C	20	68	N. York	F	30	86
B. Aires	C	12	54	Nice	S	26	79
Cairo	F	32	90	Nicosia	S	27	81
Cardiff	F	17	63	Oporto	C	19	66
Cas'b'ca	C	23	73	Oslo	C	19	66
Cape T.	S	14	57	Paris	C	21	70
Chicago	C	26	79	Perth	F	17	63
Cologne	R	17	63	Prague	C	15	59
Cpnhgn.	C	15	59	Reykjvk.	C	10	50
Corfu	F	22	71	Rhodes	F	26	79
Dublin	C	17	63	Rio J'o	C	24	75
Dbrvnk.	F	24	75	Rome	F	28	82
Ednbgh.	C	15	59	Salzbrg.	R	13	55
Faro	S	26	79	S. F'sco	F	19	66
Florence	F	29	84	Singapr.	F	32	90
Frankft.	C	18	64	Stckhm.	F	20	68
Funchal	F	23	73	Strasbg.	C	21	70
Geneva	S	25	77	Sydney	F	19	66
Gibrltr.	S	26	79	Tangier	S	29	84
Glasgow	C	15	59	Tehran	F	40	104
G'rnsey	C	16	61	Tel Aviv	F	29	84
Helsinki	S	21	70	Tenerife	F	21	70
H. Kong	F	33	92	Tokyo	F	29	84
Innsbrk.	R	14	57	Toronto	F	27	91
Invrnss.	F	15	59	Tunis	S	32	30
I.o.Man	C	15	59	Valencia	S	30	86
Istanbul	F	28	83	Venice	C	24	75
Jersey	C	15	59	Vienna	C	20	68
Jo'burg	F	13	55	Warsaw	C	16	61
L. Plms.	S	24	75	Zurich	C	21	70
Lisbon	S	27	81				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Socialist asked to be Italian Premier

BY RUPERT CORNWELL IN ROME

PRESIDENT Sandro Pertini of Italy took the unprecedented step last night of asking Sig. Bettino Craxi, the Socialist leader, to form a Government and break Italy's six-month Governmental crisis.

The possible choice of Sig. Craxi, after last weekend's failure of Sig. Giulio Andreotti, the outgoing Christian Democratic caretaker Prime Minister, had been the subject of some speculation, and had been urged on the President by some smaller parties.

But last night's announcement still came as almost a complete surprise to most politicians, including, by his own admission, Sig. Craxi himself. The Socialist leader, after consulting with his party colleagues today, will set about consultations as quickly as possible.

Selection of a Socialist, only the second time in over 30 years that a non-Christian Democrat politician has been called on *to form* a government, is a measure of how intractable the Italian political dilemma remains after June's inconclusive *General Election.*

Since Sig. Andreotti's previous Government *fell in* January Italy has been without an effective administration, despite the pressure of such issues as the energy crisis and rising inflation.

Sig. Pertini clearly believes that a Cabinet led by Sig. Craxi, and thus fully involving the Socialists, offers the country its best chance in present circumstances of a broad-based and durable government.

At this early stage, it is impossible to judge his chances of success. Although the nomination has transformed the normal perspective of Italian politics, many obstacles stand in his path.

Sig. Craxi was born and lives in Milan, historically the centre of Italian socialism. At 45, he has been a deputy for 11 years, but took over the party only three years ago after its poor showing in the June 1976 General Election.

Since then he has vigorously sought to re-establish the Socialist Party's separate identity as a "Third Force" in national politics, distinct from the Christian Democrats and the Communists. But his efforts *have been only partly successful.*

Firmly on the Social Democratic wing, Sig. Craxi has *waged strong ideological* warfare against the Communists, but at the cost of arousing the deep suspicion of the powerful Socialist faction in his party, which broadly believes in a "Popular Front" alliance of all Left-wing parties.

These elements, therefore, are likely to be very wary of the Socialists locking themselves irrevocably into Government with the Christian Democrats.

If the Communists are in Opposition, Left-wing Socialists may feel the party risks being trapped in an anti-Communist alliance.

Equally uncertain is the attitude of the Communist Party itself, and what proposal Sig. Craxi will make to the Communists.

Sig. Pertini's decision was seen last night as aimed at forcing the Socialist Party, to which he himself belonged, to make up its mind where it stands.

Ease exchange controls and MLR, says CBI

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT came under new pressure to relax exchange controls and reduce the present 14 per cent minimum lending rate when Mrs. Margaret Thatcher met leaders of the Confederation of British Industry yesterday.

Although she gave no firm indications about the Government's policies, the tone of the talks indicated that Ministers were preparing for a relaxation of exchange controls, including limits on portfolio investments.

But there seems to be less *likelihood of early action on* MLR, even though Mrs. Thatcher *told the CBI leaders she was* aware that the resulting high interest rates are *hurting small* firms.

The encouragement of small firms is a key part of the Government's industrial policy for reviving depressed areas and reducing unemployment. The CBI stressed that the potential for growth in this area was being hit because small firms were particularly dependent on bank overdrafts.

Mrs. Thatcher also indicated continuing Government interest in creating an economic forum, which is favoured by the CBI, to help raise the level of public understanding about pay and other economic matters. But no sign was given at the meeting that the Government intended to take action on the idea soon.

These were the main points discussed *during the first formal* meeting since the general election between *Mrs. Thatcher* and CBI leaders. Mrs. Thatcher was *accompanied by her main* economic and industrial Cabinet Ministers and the CBI team was led by Sir John Greenborough, its president.

Mrs. Thatcher was told by Sir John and his colleagues that the Budget was still being warmly welcomed.

But the high level of MLR placed a heavy burden on the cost of company's borrowings when liquidity was already under pressure. The CBI leaders also stressed that one of the main problems of the high level of sterling had been the sharp rate at which it had increased, giving businessmen little time to react.

The CBI said it would be holding two conferences of its members *on* pay during the next few weeks and urged that *Government Ministers should in* their speeches stress the need *for moderate pay rises.*

Further talks are to be held between Mrs. Thatcher and the CBI in the autumn.

Iran police chief defies order

BY OUR TEHRAN CORRESPONDENT

THE IRANIAN Government yesterday faced another challenge to its authority when General Seif Amir Rahimi, commander of the military police, defied orders for his dismissal issued by General Taqi Riahi, Minister of Defence.

The order was announced over Iran Radio this afternoon after top level contact between Dr. *Mehdi Bazargan*, the Prime Minister, General Riahi and General *Farbod, Chief of Staff.*

General Rahimi, however, told *reporters that he refused to* accept the order and claimed to have *received instructions* from Ayatollah Khomeini, Iran's *unofficial head of state*, to stay in office. Apparently on the strength of *this claim*, he asserted: "I am stronger than General Riahi.

"I have 7,000 well-trained soldiers *at my disposal.*" He indicated that he would put up armed resistance to any move by the Government to have him arrested.

No comment has yet been made by Ayatollah Khomeini or his aides but the outcome of this affair is being seen as another major test of the Government's ability to act on its own authority in defence of its own policies.

Yesterday's row erupted after a bizarre graduation ceremony for the military police at their Tehran headquarters, at which the barracks' security appeared to be provided by some 70 *black-shirted guards* whom General Rahimi described as his personal bodyguards.

Speaking to reporters after *the ceremony*, General Rahimi alleged that there had been a *conspiracy among senior officers* of the armed forces to get rid *of him and weaken the revolution.*

He said that he had thwarted a plot for his arrest by travelling the day before to see Ayatollah Khomeini in the Holy City of Qom and claimed he was then given instructions to round up these unnamed conspirators.

"They thought by getting rid of me they could break one of the main pillars of the revolution," General Rahimi said.

"These people are the enemies *of* the revolution, enemies of the Imam (Khomeini) because they want to weaken the morale of the *revolution by seeking a major* confrontation."

These somewhat wild comments were the latest of a series of outspoken statements on the *state of affairs* in the armed forces which had referred to *issues not normally* the concern of the military police.

Senate backs double-tax pact

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE U.S. SENATE unanimously approved yesterday the long-delayed Anglo-American double-*taxation* treaty.

Its action, however, comes as no relief to Britain, since the treaty does not contain the provision nullifying the so-called unitary power of taxation employed by a handful of American states, under which a company may be taxed on the basis of its worldwide income and not merely on what it generates inside the state, or in the U.S.

The treaty cannot come into force until ratified, in its amended form, by the House of Commons. The UK has warned that failure to address the unitary taxation issue may render the treaty unacceptable, and Mr. Peter Rees, Minister of State at the Treasury, is to visit Washington in September for talks with U.S. officials on the subject.

There have been Congressional moves, most notably by Senator Mathias, the Maryland Republican, to introduce legislation that would in effect nullify the unitary tax system.

But with the more pressing demands of the debate on the strategic arms limitation agreement with the Soviet Union, and whatever energy and economic legislation emerges in the weeks ahead, it is thought that such a measure would be accorded low priority on the Congressional calendar.

Continued from Page 1

Nuclear

might receive stronger CEGB *backing as well as support from* Babcock, is a strengthening of the boiler company *share of* the NPC. The logic of this is that the specifically nuclear *part* of the station with which the NPC *is concerned—the nuclear island* —has the boiler as an integral *part.*

However, this strategy raises the *possibility either* of a merger between Babcock and the boilermaking *divison* of NEI —which NEI firmly rejects—or *at least very close* co-operation between them, a prospect which is more likely.

Continued from Page 1

Fresh crack in DC-10

fly again and these hearings will be *responsible for* the 24-hour delay.

Michael Donne, Aerospace Correspondent, adds: British Caledonian Airways and Laker Airways had been hoping that they would be able to resume flights into the U.S. with their DC-10s this week. This may now be delayed further as a result of the fresh cracks found in the United Airline' DC-10.

The UK airlines have argued hitherto that, with other European operators, they have devised new inspection procedures which go beyond those so far required by the FAA, and that *only* this last week-end, McDonnell Douglas, issued a new inspection order that required DC-10 owners to do *what European operators* had already been doing.

Where additional checks are required, such as making ultrasonic tests instead of visual checks on the engine-wing pylon mounting, it is thought these could be conducted swiftly, certainly in time to allow flights to the U.S. this week provided the FAA approved.

'Lloyd's' of U.S. officially launched

By David Lascelles in New York

NEW YORK Insurance Exchange, the *U.S.* answer to Lloyd's of London, was officially launched yesterday with several Lloyd's members participating directly or indirectly.

The exchange will not open for business for several months because it has no premises.

At yesterday's meeting there were 13 underwriting syndicates and 33 brokers from the U.S. and abroad.

The largest syndicate has been put together by Allianz of West Germany with about $7m in capital.

Willis Faber of Lloyd's has formed a joint syndicate with Johnson and Higgins, the largest privately held broker in the U.S., and will participate directly in the New York Exchange. Alexander Howden of the UK and Fred S. James, the fourth largest broker in the U.S., plan to participate jointly in the new market.

Other Lloyd's members, C. T. Bowring, Leslie and Godwin, Harris and Dixon, Stewart Wrightson, and Sedgwick Forbes Bland Payne, will be indirectly involved through their *tie-up agreements* with U.S. brokers who have joined the Exchange.

Underwriters and brokers *from Japan, Norway and* Finland have joined.

Bernstein's nephew to head Granada

By Arthur Sandles

MR. ALEX BERNSTEIN, aged 43, the nephew of Lord Bernstein, is to take over as chairman of the Granada Group at the end of September. Lord Bernstein *said yesterday* that he was resigning as chairman and director but would stay on in the new post of group president.

Mr. Joseph Warton will resign the deputy chairmanship at the end of September, but will remain on the board as a full-time executive director. He will be succeeded as deputy chairman by Mr. W. Robert Carr who became a member of the group board in 1965.

Lord Bernstein has been the driving force at Granada since it was formed as Granada Theatres, a cinema chain, in 1934. In 1956 the company won a commercial television franchise and since then it has expanded rapidly into television rental, publishing and motorway service facilities. It also has insurance and property interests.

Mr. Alex Bernstein, the son of Lord Bernstein's brother, Mr. Cecil Bernstein, has been a member of the boards of most of the Granada operations for some years. His first top executive post was as managing director of Granada Television Rental in the mid-60s.

Lord Bernstein said last night that his role as president will be non-executive but "I have agreed to accept responsibilities connected with various *activities of the group.*"

Profile Page 6

Agreements on China joint ventures soon

By Our Foreign Staff

CHINA'S FIRST joint venture agreements with foreign capitalists are likely to be negotiated over the next few months, with Japanese companies taking the lead.

Several Japanese, European and American companies have already put forward proposals to the Chinese authorities. The publication on Sunday of the long-awaited law on joint ventures provides the legal framework.

The Foreign Investment Commission, will consider proposals for joint ventures and approve or reject them according to their usefulness to China's modernisation programme. It will rule on the extension of time limits to be placed on joint operations, and on terminations in cases of breach of contract.

The China International Trust Investment Company will co-ordinate the use of foreign investment and technology. It is headed by Mr. Rong Yiren, who was a Shanghai textile-mill owner before the Communists took charge in 1949. He is now vice-chairman of the All-China Federation of Industrialists and Businessmen.

Details Page 4
Feature Page 22

THE LEX COLUMN

Getting a grip on bank lending

Today's banking figures are not going to make happy reading. Eligible liabilities probably rose by over 1 per cent in the June banking month and rumour has it that a couple of the big clearing banks ran into problems with the corset.

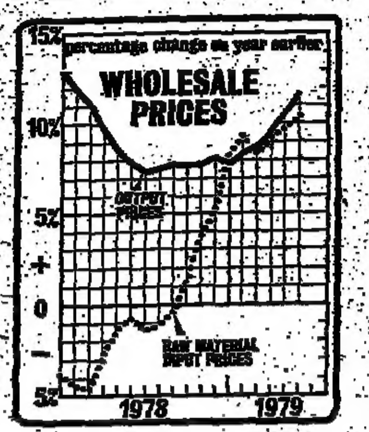
However, *as far as* the gilt-edged market is concerned the *figures will have to be very bad* indeed to shake the market's *new found confidence. The June* banking month took in the *Budget spending spree*, which undoubtedly contributed to the *buoyancy of loan demand.* Since then the authorities' heavy sales *of gilt-edged stock plus* the imposition of crisis level interest rates should have brought the monetary aggregates back under control.

The hope is that sterling bank lending, which has been running at a seasonally adjusted £800m per month over the last four months, will now slow down to a more normal £300m-£400m per month. First, the consumer boom should have tailed off after all the pre-Budget excitement. Secondly, industry will have had time to recover from the winter's industrial troubles which — as last week's GDP figures showed—severely dented *profits* and cash flow. Thirdly, the combination of 14 per cent MLR and a *rapidly tightening* banking corset should be cutting *both the demand for and supply* of bank credit.

Yet it will be at least another month before there can be any clear evidence. And there are one or two bearish arguments to support the view that there are no instant solutions to the excessive buoyancy of bank lending. The recent strength of sterling, for instance, should on balance have reduced loan demand from companies and any flattening out of sterling may tend to reduce this effect. Industry's working capital needs, moreover, will be boosted by a *high* rate *of wholesale* price inflation over the next few *months—unless there* is a pronounced move to run down stocks.

The message is that it will *take* a while before trends become clear and the prospects *for* reductions in MLR have to be seen in this context.

Index fell 2.3 to 468.7



Rothschild Inv.

Rothschild Investment Trust has come up with very satisfac*tory figures for* the year to end-March and, perhaps more remarkably, *has managed to* hold its net asset value intact *in the first three months of the* current year. Falling stock markets and the collapse of the dollar premium must have wrought a certain amount of havoc elsewhere in the investment trust sector, but RIT got rid of most of its small exposure to the premium last year and its concentration on buying into special situations seems to be paying off. Its holdings of plantation and gold shares have also helped the asset value.

Income for 1978-79 rose 49 per cent to £5.8m pre-tax, helped by the strong leasing division and a lower net interest charge. RIT's disentanglement from its *troublesome property portfolio* has transformed the balance *sheet: profits on disposals have* swollen the capital reserve to £37m from £19m while borrowings have fallen substantially.

Despite RIT's recent success, however, the market seems to have a long memory, and the shares, up 5p yesterday at 240p, stand on a discount of about a third to net asset value. This seems unnecessarily steep, even though the portfolio might be harder to liquidate than most and the trust looks an unlikely candidate for a pension fund to take over. The problem of sub-standard yield has been overcome, too, by an increase in the final dividend to 7p from 5.5p *which, while keeping something* in hand, takes the yield to *5.6 per cent.*

Wholesale prices

Wholesale output prices, up *1.7* per cent in May, are continuing to show the impact of an expensive pay round and the rise in commodity costs, especially *oil.* In the first half of the year wholesale price inflation was running at an annualised rate of 16.1 per cent. But there are some chinks of light appearing in the inflationary darkness. Thus input prices only rose 0.5 per cent last month, and though this still means prices of raw materials were climbing at an annualised rate of 19.5 per cent in January-June, the strength of sterling *has had a powerful effect in* reducing the impact. It should *continue to do so in July*, offsetting some of the *further jump in oil prices.*

With the world economy coming off the boil, input price inflation could lose momentum very soon. Wholesale output prices and retail prices — the latter swollen by higher VAT—will continue to rise rapidly until the autumn but soon it may be possible to look over the prices peak and into the valley.

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